



Daily Report

China

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Daily Report

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General

Commentary on U.S.' Middle East Peace Plan
HK031418 Beijing RENMIN RIBAO in Chinese
3 Mar 88 p 6

["Commentary" by RENMIN RIBAO reporter Zhang Yunwen (1728 0336 2429): "A Fragmentary Plan"]

[Text] U.S. Secretary of State Shultz made a trip to the Middle East starting 25 February. With the new U.S. plan concerning settlement of the Middle East question, he traveled to and fro between Tel Aviv, Amman, Damascus, and Cairo, carrying out his Middle East diplomacy, probably for the last time during President Reagan's term of office.

In Israel Shultz was received by a split government and he could only hold talks separately with Shamir and Peres; in the Israeli occupied area he could not find a Palestinian representative willing to meet him; King Husayn of Jordan went to London for a dentist appointment; and no agreement was reached in his talks with the Syrian leader. Shultz obtained substantial support for the U.S. package plan from Cairo, the fourth stopover on his trip. However, public opinion pointed out that Egypt is not a chief member state in the talks concerning the Palestinian question.

Prior to the trip, Shultz' assistants Habib and Murphy visited Jordan, Syria, Saudi Arabia, Egypt, and Israel, respectively, to sound out local reaction to the new U.S. plan. Although Shultz realized the "pessimistic atmosphere" prior to the trip, he had no alternative but to carry out the mission. This shows that the U.S. Government is very concerned about the sustained large-scale resistance of the Palestinian people in the occupied area, and worried that such an explosive situation will lead to a vicious cycle and harm the long-term interests of the United States in the Middle East. Precisely under such a background, Shultz set off with the burden of "suspicion and pessimism."

The reaction from the various sides to Shultz' trip varied. The Palestinians believed that Shultz came at the critical moment in an attempt to quench their fury against occupation and save Israel, a "special friend" of the United States. Some Arab states took a sceptical attitude, while some believed that nothing new could be accomplished as Reagan's term of office will expire very soon. As the Israeli Government was lame, it did not place great hopes on Shultz' trip.

Some analysts have probably hit the nail on the head: The new U.S. proposal to resolve the Arab-Israeli conflict is "fragmentary." Although the details of the plan have not yet been published it has been reported that the intention of the plan can be summarized as "an exchange of land for peace," which includes the following: First, talks will be held in June on "limited autonomy" for Palestinians on the West Bank of the Jordan river and in

the Gaza Strip and an administrative organ for the Palestinians will be set up through local elections. Second, talks will be held between Israel, Jordan, and the Palestinians on the final status of these areas, and then a short international conference will be held with the Soviet Union and the United States participating, which will result in direct dialogue between Israel and the Arab states.

This plan ignored the consistent stand by the Arab states on resolving the Arab-Israeli conflict: first, an international conference held by the United Nations with the participation of the five permanent member states and the parties involved in the conflict; and second, the PLO is the sole legitimate representative of the Palestinians.

U.S. Middle East experts believe that Shultz' current diplomacy can only be regarded as the beginning of a long course. However, at a time when there are only 10 months or so left until the expiration of Reagan's term of office, the Israeli authorities are not willing to give up a single inch of the occupied area, and when the U.S. policy toward the PLO has not changed fundamentally, it is hard to see the other end of the long course.

United States & Canada

Commentary on U.S. Decision on PLO Mission
HK041028 Beijing FAZHI RIBAO in Chinese
22 Feb 88 p 4

["Commentary" by Guo Keqiang (6753 0344 1730): "An Act Which Goes Against the Rights and Obligations of a Host Country"]

[Text] Not long ago, U.S. President Reagan signed an amendment passed by the U.S. Congress on closing the office of the PLO observer to the UN. This amendment went against the trend of all countries supporting the Palestinian people's struggle for their rights, and was untenable by law.

In November 1974 the United Nations adopted a resolution inviting the PLO to participate in the work of the UN General Assembly in the capacity of observer and set up an observer's office. This was a necessary step to ensure that the UN could play a major role in promoting the Middle East peace process. Although the "UN Charter" does not clearly stipulate the practice of accepting non-member countries and other entities as observers, this has been conventional practice and accepted by UN members as this can expand the UN's scope of influence and more effectively ensure the performance of its functions and that it achieves its purposes. According to the 4th, 5th, and 6th articles of the UN Charter, the UN General Assembly decides to accept new member countries, suspends the rights of a member country, or expels a member country from the UN according to recommendations or proposals from the UN Security Council. But the procedures for accepting some countries or other political entities as observers in the UN are simpler than

those for accepting official members, and the recommendation of the Security Council is not necessary because the observers cannot enjoy the same rights as official members. That is, the acceptance of observers has become a function of the UN General Assembly, similar to the acceptance of new members. The resolutions adopted by the UN General Assembly to accept new members and audit the budgets according to the authorization of the UN Charter are legally binding over all UN member countries. Thus the decision to stop various rights and privileges of an observer and to suspend a political entity's observer status should be made in line with the stipulations of the 5th and 6th articles of the UN Charter. If the U.S. Congress amendment is enforced, the PLO will in fact be deprived of the opportunity of continuing to participate in UN activities, and the PLO's status and rights as an observer to the UN will also be terminated. Therefore, this is an action which infringes upon the jurisdiction of the UN General Assembly and violates the relevant UN General Assembly resolution.

According to the "Agreement on the UN Headquarters" (hereinafter "Headquarters Agreement"), which came into force on 21 November 1947, the United States is the host country for the UN Headquarters, and has an obligation to set up residence for the representative organs of all member countries and to help the personnel of all delegations to perform their duties in the United States. According to the 11th article of this agreement, the federal, state, and local authorities must not cause any obstacle to the entry and departure of UN officials, representatives of all member countries, and other people invited by the United Nations. If these people abuse their privileges of residence in the United States in their actions outside their official functions, U.S. law will apply to them. However, before any legal action is taken to expel them from the United States, the legal action must first be approved by the United States Department of State, and the U.S. authorities must first consult the delegations concerned and the UN secretary general.

This demonstrates that the "Headquarters Agreement" does not stipulate that the United States has any right to unilaterally expel any country's representative to the UN from the United States, or to unilaterally stop the provision of the facilities for any delegation to the UN. The United States did not go through the above-mentioned procedures, and simply decided to close the PLO representative office in the UN using domestic legislation. Its action disregarded its obligations specified in the "Headquarters Agreement" and seriously violated international law on the duties and obligations of a host country.

Liu Binyan Plans Lectures, Research in U.S.
HK041056 Beijing WENYI BAO in Chinese
13 Feb 88 p 1

[Report by Ying Hong (2019 4767)] "Liu Binyan To Take Part in Academic and Research Activities in the United States"]

[Text] Writer Liu Binyan will leave for the United States to lecture and to participate in academic and research activities in mid-March.

During his stay in the United States, Liu Binyan will lecture on "Contemporary Chinese Literature and Society" for 10 weeks at the University of California at Los Angeles. He will also participate in academic and research activities by invitation of the (Niemann) Foundation at Harvard University.

Liu Binyan has, for the past year, focused his attention on study and meditation, and read voluminous books on literature, history, philosophy, psychology, and sociology. He plans to spend 3 or 4 years studying to make up for college, which he was unable to attend in his youth. He said: "My lecture tour in the United States will also serve the purpose of furthering my own studies."

Telecommunications Accord Signed With Canada
OW030803 Beijing XINHUA in English 0655 GMT
3 Mar 88

[Text] Ottawa, March 2 (XINHUA)—China and Canada signed an agreement here today of extending the cooperation in telecommunications.

The memorandum of understanding for cooperation in the field of telecommunications science and technology between the two countries was signed by visiting Chinese Vice Minister of Posts and Telecommunications Zhu Gaofeng and Canadian Minister of Communications Flora MacDonald.

The understanding identifies a number of specific areas of cooperation including telecommunication technology policy, analogue and digital mixed networks, integration of satellite communications and microwave networking, optical fiber communications and rural telephone service.

The two sides have also agreed on the types of cooperative activities, such as exchanges of information and personnel, facilitation of technical seminars and training programs.

MacDonald called the memorandum "an important milestone" in the cooperation with China.

Zhu Gaofeng believed that the agreement would lead to enhancement of the relationship with Canada in the field of communications.

Canada has developed some of world's leading technology in telecommunications. The Canadian minister visited China in February, 1987, and held discussions with her Chinese counterparts for further cooperation.

Correction to Pilot on Secret Kissinger Visit

The following correction pertains to the item headlined "Pilot Recalls Kissinger's 'Secret Visit'," published in the 3 March China DAILY REPORT, page 3, column 2: paragraph three, first sentence: "...3 July, an Il-18 type special plane. ... (changing aircraft name from "Yier-18" to "Il-18")"

Soviet Union

Rogachev Attends Moscow Zhou Enlai Soiree
OW030845 Beijing in Russian to the USSR
1800 GMT 2 Mar 88

[Text] The Union of Soviet Societies for Friendship and Cultural Relations With Foreign Countries and the Soviet-Chinese Friendship Society on 1 March held in Moscow a soiree marking Comrade Zhou Enlai's 90th birthday. The soiree was chaired by Titarenko, director of the Far East Institute of the USSR Academy of Sciences. At the soiree, Tikhvinskiy, chairman of the Central Board of the Soviet-Chinese Friendship Society, reported on Zhou Enlai's life and revolutionary activity and called him a prominent statesman, a famous figure of the international communist movement, and a famous diplomat and military leader.

Ivan Arkhipov, an old friend of the Chinese people, former first deputy chairman of USSR Council of Ministers, and former leader of a group of Soviet specialists in China, recalled at the soiree his contacts with Zhou Enlai.

USSR Deputy Minister of Foreign Affairs Igor Rogachev, and PRC Ambassador to the USSR Yu Hongliang attended the soiree.

Southeast Asia & Pacific

SRV 'Unreasonably' Claims Spratly Islands
OW040612 Beijing XINHUA Domestic Service
in Chinese 0313 GMT 4 Mar 88

[Text] Hanoi, 3 Mar (XINHUA)—At a news briefing in Hanoi on 3 March, Vietnamese Foreign Ministry Spokesman Trinh Xuan Lang unjustifiably attacked China's normal inspection in its own sacred territorial waters of the Nansha [Spratly] Islands as a so-called "violation of Vietnam's territorial sovereignty."

He also attacked the Chinese Navy's routine operations in its own waters as supposedly "intended to threaten and control Southeast Asia," and unreasonably called for Chinese troops to withdraw from China's own territorial waters of the Nansha Islands.

In addition, in recent days the Vietnamese authorities have incited mass bodies and democratic parties to issue statements and hold rallies one after another to attack China's legitimate action in the waters of the Nansha Islands and claim to "safeguard Vietnam's territorial sovereignty."

It goes without saying that the Nansha Islands have been part of Chinese territory from time immemorial. However, Vietnam has invaded and occupied some islands and reefs of the Nansha Islands. Vietnam not only refuses to withdraw from these islands that it has illegally seized, but also slanders China's inspection and patrol in its own territory and sea waters as "a violation of Vietnam's territorial sovereignty." Local diplomatic circles have pointed out that Vietnam's anti-China activities show that Vietnam is beset with difficulties at home and abroad.

Roundup Views Thailand's Textile Industry
OW040423 Beijing XINHUA in English 0934 GMT
3 Mar 88

["Roundup: Thailand Strives for More Textile Exports" by Ma Shengrong—XINHUA headline]

[Text] Bangkok, March 3 (XINHUA)—Thai textile manufacture, the country's most important industry, is currently enjoying a boom despite trade protectionism in world textile market.

The boom began in 1986 when Thai products became price competitive on the world market after the currency realignment and the fall of oil price.

In recent years, textiles have been the top foreign exchange earners in Thailand.

In the first eight months of 1987, overseas sales of Thai textile products were valued at about 1.12 billion U.S. dollars (over 28 billion baht), an increase of 49 percent (in baht) compared with that of the same period in 1986.

The two leading items of textile exports were garments and fabrics, which together accounted for more than 90 percent of total textile exports. Garments alone captured a 76 percent share, with their export value rising 73 percent over the same period of 1986.

Exports of Thai textiles to both the quota markets and the non-quota markets have been increasing since 1986, with the increased rates in the first eight months last year being 45 percent and 52 percent respectively.

Earlier, Thai textiles were shipped mainly to the quota markets, principally the United States and the European Economic Community countries. The importance of these markets has declined since 1985 in favor of the

non-quota ones, mainly Japan, the Middle East countries, Australia, Singapore and Hong Kong, as shipments to the former have been increasingly plagued by quota restrictions and other protectionist measures.

As a result, the share of Thai textile exports to the quota markets has been shrinking from 62 percent in 1985 to 56 percent in 1986 and 52 percent at present, while the share to non-quota markets have risen steadily to 48 percent.

In the last few years, both the private sector and the Thai Government have been very active in seeking new markets for textiles, meanwhile, no efforts have been spared to maintain the country's share in the existing markets.

The Thai Government has played a very active role in developing the textile industry with most of its policies involving investment promotions, the control of export-import prices and tax measures.

In general, the government's policy calls for developing an export-oriented textile industry.

However, the Thai textile industry still faces tough competition in the world market as the production of fibre and the spinning industry are capital intensive and incorporate technology and know-how. Thailand is at a disadvantage in this stage of textile manufacture. It tries to make up for this in the later stages which include weaving and garment production as these are mainly labor intensive.

Local textile manufacturers have predicted that the exports will continue to grow despite problems both in domestic production and sales in the world market. Particular efforts will be made in promoting exports of garments, high fashion like women's and men's wear made from silk, they said.

Lao Border Delegation Arrives in Bangkok
OW031415 Beijing XINHUA in English 0814 GMT
3 Mar 88

[Text] Bangkok, March 3 (XINHUA)—A Laotian Government delegation led by Thonglai Kommasit, vice-director of the General Political Department of the Laotian Army, arrived here this morning for negotiation with a Thai Government delegation on the border dispute.

Negotiation will start right after the arrival of the Laotian delegation. The Thai delegation is led by M.R. Kasem S. Kasemsri, permanent secretary of the Foreign Ministry.

A Thai Foreign Ministry official said that the talks are expected to concentrate on the demarcation of borders between the two countries. Bilateral trade will also be discussed, he said.

Laotian Ambassador to Thailand Kamphan Simmala-vong said that talks are aimed at ending the use of force in disputes between the two countries.

This is a result of exchanging letters between the two countries. On February 24, Thai Prime Minister Prem Tinsulanon sent a message to Lao's Council of Ministers Kaysone Phoumvihan, [as recieved] asking Laos to send a delegation to Thailand to hold political talks. On February 29, Kaysone replied that Laos would send a government delegation to Bangkok on March 3.

The two sides have agreed to solve their boundary problems based on international law and the provisions of the Franco-Siamese Treaty of 1907 and relevant maps.

However, a Thai Foreign Ministry spokesman said earlier that the negotiation would be difficult and it could not be resolved in one or two days.

Thailand and Laos had been fighting for the control of an 80-square-kilometer strip between the Thai province of Phitsanulok and Sayaboury Province of Laos since last November. Both countries claim sovereignty over the area.

An agreement on ceasefire and troops withdrawal was reached here last month between military delegations of the two countries following two days of talks.

The two countries completed the withdrawal of their forces three kilometers from the battle lines in the disputed area on February 21.

Near East & South Asia

Baghdad 'Calm' Despite Missile Attacks
OW031451 Beijing XINHUA in English 0824 GMT
3 Mar 88

["News Feature: Baghdad Seems Calm Despite Missile Attacks— by Lu Jianxin"—XINHUA headline]

[Text] Baghdad, March 2 (XINHUA)—At three o'clock local time last Monday morning, Baghdad's citizens were awakened by two loud explosions. The war-hardened citizens immediately realized that Iran had fired missiles at the capital again after a three-month lull.

A new round of the "war of cities" between Iran and Iraq was triggered last Saturday when Iraq bombed Iran's major refineries near Tehran and Iran retaliated by shelling Iraqi border towns, including the southern port city of Basra. The bombing has reached an unprecedented intensity over the past few days.

Since Monday evening Iraq has fired more than 20 domestic-made "Al Husayn" missiles on the Iranian capital of Tehran, while Iran has fired approximately 10 missiles on Baghdad. Both sides have suffered civilian casualties and substantial material losses from the attacks.

Diplomatic sources here believe that in the new round of the "war of cities" Iraq aims to force Iran to accept U.N. Security Council Resolution 598, which calls for an immediate ceasefire in the Gulf war which has raged for more than seven years.

As the new round of missile attacks enters its third day, Baghdad betrays no signs of abnormality. In the mornings, shops and supermarkets open at their usual time, with crowds of housewives rushing in to shop.

During rush hour in the evenings, the main streets of the city are packed with cars speeding to get commuters home from work. Few Baghdadis, whether they are white-collar workers in government departments, private shopkeepers or housewives, seem to be particularly worried about the continuing mutual attacks on the cities by the belligerents.

In daily conversation, Baghdadis would rather gossip about the recent improvement of the food supply in the city. "Since the beginning of this year, you need no longer queue up for beef, eggs, chicken and milk powder as in the months before," a housewife in the city told this reporter.

It seems that Baghdad's citizens, who are becoming accustomed to war conditions after seven and half years, do not sense much danger posed by this new round in the "war of cities."

After sunset, neon signs again begin shining brightly in the main streets of the Iraqi capital. Hordes of brand new cars coming and going along the modern highways in the city help create an atmosphere of prosperity in the midst of a city at war.

In the past two weeks, diplomats here have indulged in much speculation about Iraq's recent drills of population evacuation in Baghdad. A recent report by the official Iraqi news agency said that on February 20 the Iraqi Cabinet had discussed the situation and measures to implement population evacuation. Details of the measures, however, have not been released by the Baghdad Government.

Meanwhile, life goes on as usual in the Iraqi capital.

Reception Fetes Moroccan King's Anniversary
OW040117 Beijing XINHUA in English 1251 GMT
3 Mar 88

[Text] Beijing, March 3 (XINHUA)—The 27th anniversary of Moroccan King Hassan II's accession to the throne was celebrated at a reception hosted here today by Moroccan Ambassador to China Abderrahim Harkett.

Present were Wang Renzhong, vice-chairman of the Standing Committee of China's National People's Congress, Lu Zhengcao, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, and Zhu Liang, head of the International Liaison Department of the Chinese Communist Party Central Committee.

Sub-Saharan Africa

Zambian President Visits Guangzhou
OW040125 Beijing XINHUA in English 1250 GMT
3 Mar 88

[Text] Guangzhou, March 3 (XINHUA)—Visiting Zambian President Kenneth David Kaunda and his party today visited a rural town in the southern suburbs of Guangzhou City.

Kaunda inspected irrigation projects and called on peasant families.

The Zambian visitors were honored at a luncheon hosted by Ye Xuanping, governor of Guangdong Province, here today.

They also toured Dongguan City and the Shenzhen Special Economic Zone this afternoon.

West Europe

San Marino Leaders Laud Recent Visit
OW040415 Beijing XINHUA in English 1030 GMT
3 Mar 88

[Text] Rome, March 2 (XINHUA)—China has set an example in dealing with countries, big or small, in accordance with the principle of equality and is sincere in developing friendship and cooperation with Third World countries including San Marino.

San Marino's Consuls (Heads of State) Gian Franco Terenzi and Rossano Zafferani made the comment in a statement released today at the Rome Airport upon their return from a visit to China.

San Marino and China share identical views on the matters of disarmament and safeguarding peace. Self-reliance, peace and development are the common objectives of the two countries and to promote friendship and cooperation is their common desire, the statement said.

"It is very admirable and gratifying" that the Chinese people have made great achievements in all aspects of endeavor which are known to the world, the statement said.

The visit has bolstered the stand of the Republic of San Marino in the world, said the consuls while expressing thanks to the Chinese Government and people for their warm, friendly and high-standard reception.

Terenzi and Zafferani left here this afternoon for San Marino, a tiny country in the northern Iberian Peninsula [as received].

Two Protocols With France Signed

OW040149 Beijing XINHUA in English 1229 GMT
3 Mar 88

[Text] Beijing, March 3 (XINHUA)—China and France signed a financial protocol and a protocol involving grants between the two governments here today.

According to the financial protocol, France will provide China with a new loan of 221 million U.S. dollars to help it develop its energy, chemical, foodstuffs, textile, and electronics industries as well as upgrade water treatment and public health facilities.

This is the fifth protocol between the two countries. Since 1985, France has altogether provided 937 million U.S. dollars in assistance loans to China.

Another protocol stipulates that the French Government will grant 6 million francs to China for use on a dam research project in Ertan, Sichuan Province.

Present at the signing ceremony were officials from the State Planning Commission, the Ministry of Foreign Economic relations and trade, and the Bank of China, along with French Ambassador to China, Michel Combal.

The ceremony was held at the French ambassador's residence.

Zhao Ziyang Recommends Liberalization of Arts
HK040643 Hong Kong HONGKONG STANDARD
in English 4 Mar 88 p 1

[By Kathy Chan]

[Text] China plans to ease film censorship, allow self-management by performing troupes and let unregistered artists go on stage.

And the liberalisation of the Government's tight grip on performing arts has apparently been recommended by the party chief, Mr Zhao Ziyang.

He reportedly wants the reform to result not only in better-quality performances, but also to make them more profitable.

The news was welcomed last night by Hong Kong people involved in the arts—but some had reservations about the effectiveness of any new policy given the amount of red tape Beijing puts around cultural activities.

Film critic and key organiser of Hong Kong's annual international film festival, Mr Li Chuk-to, hoped it would presage a more liberal Sino-Hong Kong cultural exchange programme.

But Mr Li said he was not optimistic about such radical policies getting past middle and lower-level cadres.

He said joint Sino-Hong Kong productions of such films as "Boat People," "Buddha's Lock" and "The Romance of Book and Sword" had seen local directors reduced to tears by obstructive bureaucrats.

This led not only to delays, but also to great wastage of funds and manpower.

And he was not optimistic that the liberalisation would lead to greater flexibility on the import of movies made in Hong Kong and elsewhere.

Mr Zhao reportedly told the Politburo in January that only the Central Opera, the Philharmonic Orchestra and the Beijing Ballet should stay under state control.

Extracts of his speech appeared in a recent party internal directive distributed to cultural groups.

Mr Zhao told the Politburo Standing Committee—China's top policy-making body—that other troupes should be allowed to manage themselves and perform without government interference.

The plan for reform in the arts takes up themes hinted at in the official press during the past few weeks.

The GUANGMING DAILY, considered the newspaper of Chinese intellectuals, said last week that culture should be an economically profitable commodity.

Mr Ying Ruocheng, the vice-minister of culture, told a U.S. weekly last month that artistic troupes would be granted autonomy over the next two or three years as part of an overall cultural reform programme that would also let freelance performers appear outside traditional Chinese work units.

Mr Zhao indicated that movie censorship should be kept to a minimum.

His liberal-sounding speech came after several months of total orthodoxy last year that followed pro-democracy student demonstrations in the winter of 1986-87, and the subsequent ousting of former party chief Hu Yaobang in January 1987 for ideological "laxness".

There has been a limited thaw in the arts over the past few years but most well-known troupes remain under the control of central or local authorities which give them big subsidies.

Most performing arts troupes gradually came under total government control after 1949, and most artists became party functionaries as a result.

Radical policy changes in China are often presaged by news reports and commentaries on some of the "evils" of existing policies. It has been the same in this instance.

GUANGMING DAILY last month castigated past policies on the arts as "either totally wrong" or failing to achieve the intended results.

It said there had been "too much interference, too many orders and too-specific controls" on the arts.

Playwrights have also spoken freely in recent months over how much they have suffered at the hands of archconservatives and how policies have stunted developments.

But the immediate effect of Mr Zhao's speech may be the departure of the propaganda chief, Mr Wang Renzhi, rather than changes on stage and screen.

A former editor of the now discredited ideological journal RED FLAG, Mr Wang has been expected for some months to make way for Mr Rui Xingwen, a protégé of liberal Politburo Standing Committee member, Mr Hu Qili.

CPC Central Committee To Hold Plenum 15 Mar
OW/040854 Beijing XINHUA Domestic Service
in Chinese 0723 GMT 4 Mar 88

[Text] Beijing, 4 Mar (XINHUA)—The Political Bureau of the CPC Central Committee held its fifth plenary meeting on 3 and 4 March in Beijing.

The meeting decided that the 2d Plenary Session of the 13th CPC Central Committee will be convened on 15 March in Beijing.

The meeting discussed and endorsed the "Work Report to the 2d Plenary Session of the 13th CPC Central Committee" by Comrade Zhao Ziyang on behalf of the committee's Political Bureau. The meeting also discussed and endorsed the namelist of leaders of state organs to be recommended to the Seventh National People's Congress and the namelist of leaders of the CPPCC National Committee to be recommended to the Seventh CPPCC National Committee by the Political Bureau of the CPC Central Committee. It was decided at the meeting that consultations on the abovementioned namelists would be held with democratic parties, patriots without party affiliation, and the people's organizations concerned and that the namelists would be submitted to the 2d Session of the 13th CPC Central Committee for examination and discussion.

Present at the meeting were 15 members and 1 alternate member of the Political Bureau of the CPC Central Committee. Two members were absent, being otherwise engaged in official business. Zhao Ziyang, general secretary of the CPC Central Committee, presided over the meeting.

Dispatch on Expected Revision of Constitution
HK040220 Hong Kong WEN WEI PO in Chinese
4 Mar 88 p 1

[Dispatch from Correspondent Liu Jui-shao (0491 3943 4801): "China's Constitution To Be Revised"]

[Text] Beijing, 3 Mar—According to reliable sources, some revisions in principle will be made of the "Constitution of the PRC," and items such as private economy, planned commodity economy, the transferability of land use rights, and so on will be included in the Constitution.

The 25th session of the 6th NPC Standing Committee, which is to start the day after tomorrow [5 March], will discuss and examine the amendment of the Constitution (draft). After it is approved, it will be submitted to the Seventh NPC for examination and discussion.

After the 13th CPC National Congress, some people have asked whether the principles, line, and policies adopted by the congress are in line with the existing constitution, or whether they conflict with the Constitution. At a discussion on the Constitution held last year, Zhang Youyu, an expert in Constitution, officially asked these questions. He said: "If there are differences between the principles of the 13th congress and the Constitution, they are only quantitative differences occurring in the course of development as a whole, but they are not qualitative differences. Permitting the existence of the private economy, and regarding it as a necessary and useful supplement to the public economy

is an extension of the Constitution, and an expansion of its range of application." He added that if the Constitution is not to be revised, the NPC may approve a supplementary clause.

After that, relevant members of the Legislative Affairs Commission under the NPC discussed the problem of the revision of the Constitution. It has been learned that experts have made the following proposals: 1) As far as land rights are concerned, it should be made clear that the ownership of land cannot be transferred, but the land use right can be transferred according to law. 2) The legitimate status of the private economy should be affirmed, and it should be pointed out that the state protects the legitimate rights and interests of individual economy and private economy, and the operation of the individual economy and private economy within the scope permitted by law. 3) It should be stated that the state pursues a planned commodity economy on the basis of the socialist public ownership. Through regulation by plan and market mechanism, it should be ensured that the national economy develops in a proportionate and coordinated way. 4) In enterprises under ownership by the whole people, the principle of separating ownership from operational power should be affirmed, and the term "state-operated enterprises" should be changed into "enterprises under ownership by the whole people." 5) It should be stated that the state permits the existence of multiple economic sectors, and multiple forms of distribution with emphasis on distribution according to work. In addition, the "initial stage of socialism," and our country's policy of reform and opening up could be added to the Constitution.

Circular Cites Two Holiday Tragedies
OW031658 Beijing XINHUA in English 1615 GMT
3 Mar 88

[Text] Beijing, March 3 (XINHUA)—The Lantern Festival yesterday was an enjoyable occasion for many but tragic for a few as illustrated by reports of accidents received by the Chinese Ministry of Public Security in Beijing.

The ministry issued an emergency circular today which cited two tragedies, one involving the death of 18 people and the other, seven, to bring the safety problem to the attention of holidaymakers.

The circular said that last night about 100,000 people gathered in the center of Xining, capital of Qinghai Province, for a lantern fair. A panic seized the crowd which was pushing forward to watch a float procession, and 18 people were crushed to death and 113 others were injured.

Meanwhile, in Lankao County, Henan Province, as some 20,000 people were dispersing after a firework display seven people were crushed to death and another seven were injured.

The circular called on security departments to strengthen their work as celebrations are still continuing in some localities.

Plans for security work and emergency measures should be worked out beforehand so as to keep deaths and injuries to a minimum in case of accidents, it stressed.

Large-scale celebrations should only be carried out when security can be ensured, it said, adding that security departments should report to local party and government leaders on their work.

The ministry asked public security departments in various localities to convey the contents of the circular to local party committees and governments.

State Council Approves Shanghai Report on Reform
OW040803 Beijing XINHUA Domestic Service
in Chinese 1637 GMT 3 Mar 88

[Text] Shanghai, 3 Mar (XINHUA)—The State Council has recently approved, in principle, Shanghai Municipality's "Report on Deepening Reform, Opening Wider to the Outside World, and Accelerating the Development of an Export-Oriented Economy in Shanghai." At the end of last year, Zhao Ziyang, Yao Yilin, and other leading comrades at the central level had successively inspected Shanghai. They pointed out: Shanghai must deepen its reform, open wider to the outside world, strive to overcome temporary difficulties in the course of shifting from a highly concentrated planned economy to a planned commodity economy, and hasten the development of an export-oriented economy. The municipal CPC committee and the municipal government had repeatedly studied and earnestly discussed issues related to accelerating Shanghai's development of an export-oriented economy, and put forward the basic concept of opening the municipality wider to the outside world and carrying out reform. On 28 December last year, Shanghai submitted the aforementioned report to the State Council.

The official written reply from the State Council pointed out: Shanghai is now at an important turning point in its economic development. The fundamental way to achieve Shanghai's strategy for economic development and transform and invigorate the municipality is to deepen reforms, open wider to the outside world, develop an export-oriented economy, make its products more competitive on the world market, and vigorously increase both imports and exports.

The reply from the State Council added: In accordance with the targets and requirements defined in its strategy for economic development, Shanghai must make full use of state preferential treatment given to accelerate its economic development. In carrying out its work, the municipality must adhere to the principle of conducting

all undertakings diligently and frugally, develop less nonproductive projects, and use all available funds for production and construction.

State Council Approves Steel Company Contracts
OW040047 Beijing XINHUA in English 1313 GMT
3 Mar 88

[Text] Beijing, March 3 (XINHUA)—China's State Council has given approval for the Anshan Iron and Steel Company to make contracts with the state between 1987-1995, the metallurgy industry announced today.

Under the contract, the profits and taxes the company turns over to the state should increase at an average rate of three percent from 1987 on the basis of the 770 million yuan (208 million U.S. dollars) handed over in 1986, with the remaining profits left to the enterprise for expansion projects and technological upgrading.

During the 1987-1990 period, the Anshan Company can turn 8.48 billion yuan (2.3 billion U.S. dollars) to the state, which is 1.83 billion yuan (495 million U.S. dollars) more than from 1981-1985, and 10.43 billion yuan (2.8 billion U.S. dollars) during 1991-1995, or 1.97 billion yuan (532 million U.S. dollars) over the 1986-1990 period.

The contract requires the company to produce 10 million tons of steel and have 80 percent of its rolled steel manufactured according to international standards by 1995.

The agreement also stipulates that when the company raises its profits one percent, the wages paid to the company's staff will increase 0.8 percent.

Under the contract the state is expected to give the company a hand with loans for production expansion and technological upgrading if needed.

The Anshan Iron and Steel Company, located in northeast China's Liaoning Province, is China's biggest iron and steel enterprise, which produced 7.71 million tons of steel and 7.53 million tons of iron last year. The firm is expected to turn out 15 million tons of steel by the end of this century.

Qi Yuanjing, the metallurgy industry minister said, the Anshan Iron and Steel Company's contract with the state is exemplary of both the country's reform and development.

"The company will face a hard job in meeting the quota of 10 million tons of steel and 80 percent of its rolled steel up to international standards by 1995," he said.

"To achieve the goal, the old ways must be disbanded, the economic contract responsibility system introduced, and the enterprise structure improved," he went on.

The minister also pointed out, under the new contract plan, the enterprise becomes the investor instead of the state.

"The company will need more than 10 billion yuan (2.7 billion U.S. dollars) for expansion alone before 1995," the minister explained, "and these funds have to be raised by the enterprise instead of the state, which will push the company to being responsible for management, and profits and losses.

The contract will guarantee increases in the state's income and wages paid to the enterprise's staff, he said, adding of China's 531 iron and steel enterprises at the county level, with more than 300 have contracts with the state.

Now 80 of China's 110 larger iron and steel complex's trying out the contracts, have seen their profits increase 12 percent from 1986 to 1987, while profits turned over to the state jumped 16 percent.

In 1987, the 30 enterprises with no state contracts, saw increases of 8.9 percent and 1.52 percent respectively over the previous year.

"Many of these 30 unsigned enterprises are expected to pick up contracts with the state by the end of this year."

State Council Thanks Train Rescue Workers
OW041141 Beijing XINHUA in English 1703 GMT
3 Mar 88

[Text] Beijing, March 3 (XINHUA)—The State Council has sent a message to the local governments and army units of Yunnan and Guizhou Provinces expressing its appreciation for their efforts to save lives and property during a train accident earlier this year.

In the message, the State Council, China's highest governing body, highly commended the soldiers and local people for practising revolutionary humanitarianism, and expressed its thanks to army units, organizations and individuals who participated in rescue and rehabilitation work.

On the morning of January 24, the No. 80 Kunming-Shanghai special express was derailed and overturned at a spot 346 km from Kunming, capital of Yunnan Province, causing 88 deaths.

The 1,000 passengers on the train got prompt help from members of the armed police and People's Liberation Army soldiers stationed nearby, as well as from local government officials and people soon after the accident took place.

Journal Reviews Deng Xiaoping Picture Album
HK040521 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 7, 15 Feb 88, pp 3-5

[Article by LIAOWANG reporter: "It Is Both Deng Xiaoping's Biography in Pictures and Also a Historical Scroll of the Chinese Revolution—writing on the occasion of the publication of the large album 'Deng Xiaoping'"]

[Text] Preface

His personal experiences have been magnificent, interwoven with the magnificent times he is in. [end preface]

The large album "Deng Xiaoping" compiled with the joint efforts of the CPC Central Committee Party Literature Research Center and XINHUA NEWS AGENCY is published by the Central Committee Party Literature Research Center Publishing House, and will be officially in circulation on the 10th day of the First Month of the Year of the Dragon. Its English as well as Chinese editions, the latter illustrated both in simplified and unsimplified Chinese characters, will come off the press first. All three versions will be available at the same time; and its French, Japanese and German versions will soon follow.

The compilers of the album believe that it is imperative to give a truthful presentation of Deng Xiaoping, a conspicuous politician in the world today. They have exerted their utmost to provide the readers with a clear and distinct guide to understanding Deng Xiaoping, and an album of bounteous images which will give people a realistic understanding of the extensive and profound reform under way in China today, and of Deng Xiaoping himself, who is the very arch-leader of this reform.

Man of the Day [subhead]

It was toward the end of 1985 that preparations for the compiling of this album began. China has undergone tremendous changes since the 3d Plenary Session of the 11th CPC Central Committee. Throughout the years since the founding of the PRC, it is over the past eight years that China's economic strength has been augmented at the highest rate, and the people have gained the greatest substantial benefits. During this period the CPC collective leadership, with Deng Xiaoping as the core, has made a series of important strategic decisions on construction, reform, and opening up to the world. They have won the heartfelt support of the Chinese people and achieved far-reaching effects throughout the world.

In his revolutionary life of almost 70 years, Deng Xiaoping has gone through all kinds of hardships. He was removed from office, then restored to office on several occasions. Repeatedly, he was wronged and came under attack for upholding correct opinions. However, it is precisely because of this that more and more people have

come to trust and to cherish him. Especially during the 10 years of turmoil, he was twice overthrown, but twice he miraculously came to the fore again, and has played an increasingly important role in the political life of the state with each passing day. In particular, China's reform under his leadership has brought us to a new stage. All this has added some legendary color to his life. Hence, the greater interest and wish to know him better. Toward the end of 1985, the U.S. "TIME" magazine once again selected him "Man of the Year," and his portrait was on the cover of "TIME" No 1, 1986, with a 24-page cover story entitled "The Second Revolution Led by Deng Xiaoping." During the "Great Cultural Revolution" and in recent years, various versions of Deng's life have been published in Hong Kong and abroad. Some inaccuracies in those works are inevitable. The compilers of this album believe that it is necessary to write about Deng Xiaoping's life as truthfully as possible, and to reflect Deng Xiaoping's magnificent experiences as well as the magnificent times interwoven with his life in both the forms of photos and written language.

Important Document Disclosed Inside Stories Unknown to the Public to Date [subhead]

The album is the most complete document about Deng Xiaoping's life to date. It consists of three component parts: more than 500 photos, a biography in 20,000 characters, and illustrations in more than 30,000 characters. They supplement each other, form an integral whole, and present the past and present as well as the ideology and life of Deng Xiaoping from various angles and with different emphasis.

The biography was written on the basis of research in voluminous documents and materials by scholars and experts. It is characterized by a sweep of momentum, depth, and readability. The biography has disclosed lots of details and inside stories hitherto unknown to the public. For example, in 1930, after he led the Baise Uprising, Deng Xiaoping returned to Shanghai in secret, and briefed the CPC Central Committee on the uprising. In 1933, he was removed from the leading post by the CPC Provisional Central Committee for implementing the correct idea with Mao Zedong as the representative, and was given inner-party punishment. Because the Red Army General Political Department Director Wang Jiaxiang [3769 4471 4382] and Organizational Department Director Luo Ronghuan [5017 2837 2719] had a better understanding of his sterling character, Deng Xiaoping was transferred to the Workers-Peasants Red Army General Political Department, and was appointed secretary-general of the department. Later, he became editor in chief of the General Political Department organ paper "HONGXING BAO" ["THE RED STAR."] Toward the end of 1934, Deng Xiaoping was again appointed secretary-general of the CPC Central Committee shortly before the Zunyi Conference.

More than half of the 500-some photos are made public for the first time. For instance, the picture in which the two families of Deng Xiaoping and Liu Bocheng were

taken together, and the few snapshots taken when Deng Xiaoping was condemned as "the second largest capitalist-roader inside the party," and was sent to Jiangxi to take part in manual labor. His daughter took a few pictures of him and his family: In those difficult days, his daughter gave birth to a baby girl named Mianmian [2758 2758]. In one of the snapshots, Deng is holding his granddaughter in his arms, with a comforted smile; there are also scenes of Deng Xiaoping, Zhuo Lin and his stepmother taking care of each other...

Some historical scenes were not snapshots, but selected from the materials of the most expressive scenes in documentary films of the Central Newsreel and Documentary Film Studio, reproduced individually into negatives in the skillful hands of technicians, then printed out. For example, Deng Xiaoping was heading a delegation to attend a special UN Conference. The picture shows the ailing Premier Zhou Enlai seeing him off at the airport, grasping Deng's hand firmly in his own...

There are many photos of important historical value in the album. For example, the picture in which the 49 members participating in the enlarged Sixth Plenary Session of the Sixth CPC Central Committee at Qiaogou, Yanan posed together. The picture of (some of) the members of the Central Government Committee elected at the First Plenary Session of the CPPCC. These photos have been defined only after careful examination of voluminous historical materials by the compilers, the interviewing of those who had experienced the occasion, and careful study and double-checking before the names of those in the photos were accurately marked.

Many photos of Deng Xiaoping's family life as well as his own sentiments are published in the album: Photos that show Deng Xiaoping together with Zhuo Lin in wartime. Photos that show the whole family together in different historical stages. Photos that show Deng playing table-tennis, swimming, mountaineering and playing bridge, that vividly reflect him as an ordinary human being, and a look at his family life and hobbies. These are what people knew very little of in the past, but have great interest in. The compilers have changed their usual practice of carrying very few photos in this category when compiling and publishing albums of leading members, and selected many photos to be put into the rich and colorful chapter of "His Life and Sentiment"

Such a truth-seeking attitude of regarding leaders not as deities but human beings is the correct attitude established by summing up historical experiences and rectifying the party's guiding thinking since the 3d Plenary Session of the 11th CPC Central Committee. This scientific attitude as the guidance in compiling this album runs through it in every aspect.

The Chief Architect of China's Reform [subhead]

Deng Xiaoping's revolutionary life has continued for more than half a century. Along the vertical track of history, the album shows the long span of his life ranging from his early teens, during which he came under the influences of the "May 4th" Movement, adopted the revolutionary road filled with patriotism in salvaging the nation, and eventually became a Marxist and one of the earliest CPC members, to his becoming the arch-leader of China's reform, and his resigning from the CPC Central Committee and the Central Committee Political Bureau at the 13th Party Congress on his own accord, while retaining only the office of Chairman to the Military Commission. In more than half a century, he has been engaged in revolutionary work in many aspects. The album is divided into chapters under special topics such as "The Revolutionary Long March," "Military Life," "Diplomatic Activities" to show the different facades of his revolutionary life in a horizontal perspective. As a politician, he has stood high, and commanded a broad vision. Despite the ups and downs in his political career, he has always been open-hearted. His true color as a staunch Marxist has been brought to light in all vicissitudes of life. As a strategist, he was quite at ease in the art of commanding. During the War of Resistance against Japan and the War of Liberation, he fought side by side with Marshal Liu Bocheng. The Army under their command was awe-inspiring around the Taihan Mountain Ridges. It marched into the Central Plains, won an overwhelming victory of the Huaihai Campaign, liberated Northwest China, and rendered outstanding meritorious services. As a diplomat, he has always displayed the style of a strategist who is capable of taking firm hold of the world situation, which is liable to sudden changes...

However, the period since 1978's 3d Plenary Session of the 11th Central Committee has been one in which Deng Xiaoping has made the most splendid and conspicuous contributions to the Chinese revolution. He has been the central figure of the CPC collective leadership in the nine years since then. The album has devoted considerable space to illustrate many of his accomplishments during the new historical stage, thus making conspicuous his image as the chief architect of China's reform and opening to the world.

The CPC decision on implementing political and economic structural reform is a most courageous, foresighted strategic decision. The structure in the past was our own setup, and had been operated for almost 30 years. Then the malpractices of the structure were discerned. Hence, active and steady reforms have been carried out one after another. But all this is easier said than done! Reform is a complicated systematic project. The accomplishment of comprehensive results of the reform involves the great art of commanding. As the central figure of the CPC collective leadership, Deng Xiaoping has demonstrated his political wisdom and art of leadership in guiding this reform. The album shows Deng Xiaoping's demeanor at this stage, with more than one-fourth of all the photos included in it.

During this stage, the CPC collective leadership with Deng Xiaoping as the central figure has guided China in rapidly ridding itself of the disasters of the "Cultural Revolution," designed the blueprint for building socialism with Chinese characteristics, formulated and made public its strategy along with a series of important strategic decisions and corresponding guidelines and policies:

—It has proposed that the whole party should attach importance to science, technology and education, and it has drawn up the well-known inference that science and technology are productive forces, and issued the call to show respect to knowledge and qualified people.

—It has set forth the issue of adhering to the four cardinal principles and the correct orientation of socialist modernization.

—It has set forth the requirements on cadres being revolutionized, comparatively younger in average age, better educated, and professionally more competent, and changed the life tenure of leading cadres, while adopting a series of measures to resolve the issue.

—It has presided over the drafting of the "Resolution on Several Historical Issues Inside the Party Since the Founding of the PRC," which played a vitally important role in unifying the party's thinking, upholding unity, and stabilizing the political situation.

—It has summed up China's long-standing historical experiences, linked Marxist universal truth with China's actual conditions, and proposed to take our own road and to build socialism with Chinese characteristics. At the same time, it has made reform and opening to the world the general guideline and policy for building socialism with Chinese characteristics.

—It has proposed the magnificent target for China's construction: to quadruple China's GNP by the year 2000, with comparatively well-off living standards; and to quadruple its GNP again on this basis in another 30 or 50 years, to catch up with the level of medium developed nations. Such a concept has greatly inspired the party and people of all nationalities throughout the nation.

—It has proposed the implementation of political structural reform to suit the economic structural reform, to strengthen the vitality of the entire state structure, to improve work efficiency, and to give play to the initiatives of the grass roots and the masses.

—It has proposed the need to build socialist spiritual civilization while building material civilization, so that the people may have lofty ideals, moral integrity, good educational background, and a high sense of discipline.

—It has proposed the great conception of "one country, two systems," and personally pushed forward the realization of this conception in gradualism, thus creating a new situation for the unification of the motherland.

The album has reflected all the above-mentioned important strategic decisions, whereby showing Deng Xiaoping's boldness in adhering to Marxist tenets and the truth-seeking spirit, his rich experiences, foresight, and the great contributions he has made to creating a new situation in China's construction, reform, and opening up to the world. Being One of the Members of China's Collective Leadership [subhead]

Both China's reform and development have roused the world attention. It is precisely in the magnificent historical background of China's reform and opening to the world that his foresight and sagacity are displayed.

Deng Xiaoping is the center figure of China's revolutionary collective leadership as well as one of the members of this collective leadership. He and his comrades-in-arms are leading the CPC and people throughout the nation, and are determined to exert their utmost to make the backward Chinese nation stand on its own feet among all nations in the world. The album carries the following inscription by Deng Xiaoping:

"It is my honor to become a citizen of the world in the capacity of a member of the Chinese nation. I am the son of the Chinese people. I cherish my motherland and my people with utter devotion."

His fate has been interwoven with the fates of the Chinese people, the Chinese nation, and the Chinese revolution. The album has from different angles shown the times Deng Xiaoping lives in, the scenes of struggles of the people in revolution and construction, and the activities of his comrades-in-arms as well. Therefore, the album is not just a biographical album of Deng Xiaoping, but simultaneously a historical album of the Chinese revolution, and of Chinese communists hacking their way through difficulties to invigorate the Chinese nation. When one has a copy of the album in hand, one will have a better understanding of Deng Xiaoping, and will come to know better the arduous but glorious course of the Chinese revolution from another angle.

Deng Xiaoping's life experiences can be divided into two parts.

Before Mao Zedong passed away, he was an outstanding fighter under Mao's leadership. In 1956, he became one of the members of the the collective leadership as general secretary of CPC Central Committee, with Mao Zedong as the central figure. In the 10 years in his office of general secretary, he helped Mao Zedong, Liu Shaoqi, Zhou Enlai, Zhu De and Chen Yun deal with party and government affairs, and participated in important decisionmaking of the party and state. In his own words, Deng Xiaoping said: "That decade was the busiest one in

my life." The photos reflecting the history of this period have all appropriately shown Deng Xiaoping's place in the central collective leadership.

In wartime, Deng Xiaoping was a political commissar of a PLA field army, which was known throughout the world as the "Liu-Deng Army." While viewing the meritorious services of Deng Xiaoping fighting north and south, the readers will also see Commander Liu Bocheng of this army and other leading members, as well as soldiers carrying their bags of provisions and rifles, and civilian workers actively supporting the Army fighting at the front.... The famous Huaihai Campaign was one of the three campaigns that determined the fate of the Chinese revolution. Deng Xiaoping was acting as the secretary of the General Front Committee at that time. Together with Liu Bocheng, Chen Yi, Shu Yu, Tan Zhenlin, he commanded this major campaign that shook the world. The album has displayed a photo of the members of the General Front Committee, showing the group that commanded this campaign.

Since Mao Zedong passed away, Deng Xiaoping has correctly assessed Mao's place in history, corrected Mao's mistakes committed in his later years, adhered to, and developed Marxism and Mao Zedong Thought. The 3d Plenary Session of the 11th CPC Central Committee was a historical turning point for the CPC in PRC history. Together with Ye Jianyin, Chen Yun and Li Xiannian, he played a key role in the success of the session. In this album, people can see the image of Deng Xiaoping as the center figure at the core of leadership in guiding the Chinese people to open up a new stage over the past nine years. This core of leadership included Ye Jianyin, Chen Yun, Li Xiannian, Zhao Ziyang, and Hu Yaobang.

The Chinese people came to know Deng Xiaoping in their national crisis. When the "gang of four" were running amuck, and the economy was on the verge of collapse, the Chinese people pinned their hopes on Deng Xiaoping. With admiration, people watched how he grasped the consolidation in all fields of endeavors in a big way without evading danger and difficulties. In the course of the "April 5th" Movement, people voiced what was in their minds: "We support Deng Xiaoping!" to express where they stood politically. Today, the Chinese people cherish Deng Xiaoping with their heartfelt devotion and trust. In the grand parade at the Tiananmen Square marking the 35th anniversary of the founding of the PRC, people displayed their hand-written slogans "Hi, Xiaoping!" and shouted it out loud. That was the vivid and truthful expression of people's feeling toward Deng Xiaoping.

With lots of vivid photos, the album has also shown Deng Xiaoping among the people, personalities of democratic parties, intellectuals, workers and peasants, and PLA servicemen....

His heart beats together with those of the people.

Foreign Media Welcome To NPC, CPPCC Session
*OW041234 Beijing XINHUA in English 1050 GMT
4 Mar 88*

[Text] Beijing, March 4 (XINHUA)—Journalists from Hong Kong, Macao, Taiwan, and foreign countries to cover the first session of the Seventh National People's Congress are welcome to cover the First Session of the Seventh National Committee of the Chinese People's Political Consultative Conference (CPPCC) as well.

This was announced today by Sun Yiqing, press spokesman for the CPPCC National Committee.

The NPC session will open March 25, and CPPCC session, March 24.

The agenda of the CPPCC session will include election of leaders of the CPPCC National Committee and the delivery of a work report of the Standing Committee of the current CPPCC National Committee.

Article Discusses Openness, Reform, Reporting
*HK031551 Beijing WEN ZHAI BAO in Chinese
No 495, 14 Feb 88 p 1*

[Article summarized from issue No 1 of XINWEN JIZHE: "Shanghai Media Circles Discuss the Media and Transparency"]

[Text] At the beginning of December 1987, XINWEN JIZHE [Journalists News] reporters interviewed some well-known figures in Shanghai's media circles on the question of the transparency [tou ming du—6631 2494 1653] of news reporting. Ma Da, chief editor of WEN HUI BAO, said that in modern society, the news media should be open. The general trend of the situation of reform and opening up is to raise the degree of opening up and change the unitary, over-rigid, and overcentralized situation and rigid uniformity of the media. He said that in our media circles, news reporting from above to below has been set against the reporting from below to above, and the responsibility of the leaders has been set against the responsibility of the masses. As a result, there have been very few news resources and very insufficient reports on what our readers are most interested in and what they are talking about. Many important matters were first decided by the higher levels and were then instilled into the people's minds. The masses knew nothing at all about them before they were decided and were unable to participate in decisionmaking. There have also been many restrictions that should not have existed. For example, we were asked not to publish this or publish that and not to issue this or issue that. This only harbored and protected bureaucratism.

Chen Nianyun, chief editor of JIEFANGJUN BAO, said: Although most comrades agree that news reporting is the mouthpiece of the party, government, and people, in reality, it is very difficult to make it really play the role

of mouthpiece of the people. We often tell our counterparts in other countries that our newspapers belong to the party and the people, but the only example we can cite is that we often publish letters from the people. We can hardly cite any examples to show that the people are participating in government administration and political affairs, or criticizing and supervising government officials through the news media. Therefore, we must make a fundamental breakthrough in our news reform. This cannot be done merely by the media circles. It should also have the support of the party and government leading organs and various social circles.

Yang Ying, who was director of a branch of the XINHUA NEWS AGENCY for many years, said: Our provincial governors and mayors can and should make use of our news media. For example, the mayors can carry out dialogues with city residents and answer reporters' questions through the media. This way, not only would the masses of people be able to participate in government administration and discuss political affairs through the media but the quality of leaders could be improved and bureaucratism could be overcome. If a government official has to frequently answer questions in public, he can avoid the mistakes of a bureaucrat who has to present reports at meetings with the assistance of his secretaries.

Xu Zhucheng held that an important task for news reform is to have the media supervise the media, and this cannot be fulfilled merely through meetings of the people's congresses, the political consultative conferences, and the democratic parties, which are only held every few months.

Celebrities Give News Media 'Failing Grade'
*OW041151 Beijing XINHUA in English 0735
4 Mar 88*

[Text] Beijing, March 4 (XINHUA)—A survey of 200 celebrities in Beijing has given China's news media a failing grade.

The survey, conducted by the Public Opinion Research Institute of the People's University of China, revealed a huge proportion—91.5 percent—felt the media offered too few opportunities for people to comment on the country's important issues.

Three-quarters of those surveyed said the country's news media have failed in criticizing and supervising the work of the party and governments at different levels while 92.5 percent agreed all vital political, economic and social issues of the country should be reported.

Celebrities and leading officials from the National People's Congress, the country's top legislative body, and the Central Committee of the Chinese Communist Party took part in the survey whose results were published in today's "PEOPLE'S DAILY."

Included were also leaders of the non-communist parties, senior intellectuals and public figures without party affiliation.

Just over 70 percent of the VIPs considered rectifying party style and the standard of social conduct to be the first major problem facing the country.

However, only 27.5 percent believed the situation would be better this year than last.

Two-thirds of those surveyed ranked political reform as the second major problem to be tackled followed by improving the legal system, market supply and prices, economic reform and development of science and education.

[Word indistinct], 73.5 percent felt the country's political situation will be better than last year. Only 6.5 percent felt it would worsen, the paper reported.

Song Renqiong, Ji Pengfei Greet Children
OW031207 Beijing XINHUA Domestic Service in Chinese 1510 GMT 2 Mar 88

[By reporter Zhang Sutang]

[Excerpts] Beijing, 2 Mar (XINHUA)—On the night of the first full moon in the first month of the Year of Dragon, 30 children from Beijing, Hong Kong, Macao, and Taiwan sat around tables, making dumplings to celebrate the Chinese traditional Lantern Festival.

In the auditorium of the Reception Center of the NPC Standing Committee, Song Renqiong, vice chairman of the Central Advisory Commission, and Ji Pengfei, state councillor and concurrently director of the Hong Kong and Macao Affairs Office, mingled with the children, bringing greetings from the older generation. They smiled as they saw the children, lively and robust. [passage omitted]

Ji Pengfei asked the children from Hong Kong, Macao, and Taiwan to convey the best wishes from the children of the capital to friends and teachers upon returning home, welcoming them to visit the interior China. He also called for various exchanges between the children of Hong Kong, Macao, and Taiwan and those of the interior, to promote mutual understanding, deepen friendship, strengthen unity, and achieve common progress.

Kang Keqing, vice chairman of the CPPCC National Committee, called on the children yesterday evening and chatted cordially with them.

Zhou's Widow Greet Artists, Marks Birthday
OW040841 Beijing XINHUA in English 1659 GMT 4 Mar 88

[Text] Beijing, March 3 (XINHUA)—A score of China's leading painters and calligraphers today marked the 90th anniversary of the birthday (March 5, 1898) of the late Premier Zhou Enlai by turning out artistic works.

They carried out their activities in the memorial room for Zhou inside the late Chairman Mao Zedong's memorial hall located in downtown Tiananmen Square.

They were greeted by Deng Yingchao, Zhou's widow and chairman of the Sixth National Committee of the Chinese People's Political Consultative Conference, and posed with her for a photograph in front of the jade statue of Zhou in the hall.

Painters Xu Linlu, Zhou Huaimin and Chen Dazhang jointly produced a painting of plum, bamboo and orchid designs, which symbolize the essence of a gentleman in traditional Chinese esthetic values.

Among the calligraphers were Hu Jieqing, widow of novelist and playwright Lao She, and 88-year-old Chu Tunan, vice-chairman of the Standing Committee of the National People's Congress.

Bidding Introduced on New Plane Project
OW040411 Beijing XINHUA in English 1034 GMT 3 Mar 88

[Text] Beijing, March 3 (XINHUA)—A project for developing a new unmanned plane for the Chinese Army was put to public tender, the "LIBERATION ARMY DAILY" reported today.

The paper said a research institute under the Ministry of Electronics Industry won out over three other bidders to do the research for a subsystem of the plane.

The tender was 10 million yuan lower than the highest bidder.

It is the first time the contract system, which encourages competition and efficiency, has been used in the research and production of military materiel.

The State Council and the Central Military Commission decided to adopt the approach last July.

Foreign Trade Fair Attracts Foreign Businesses
OW040151 Beijing XINHUA in English 1200 GMT 3 Mar 88

[Text] Beijing, March 3 (XINHUA)—The annual trade fair that opened here today has attracted more than 1,000 foreign businessmen.

Participants also include business people from Taiwan, the sponsors told XINHUA.

More than 1,000 products are on display in six halls in the Nationalities Palace of Culture, located downtown, and 300 development projects are open to negotiations this year.

Trade in textiles was the most brisk today, with total volume in cotton cloth alone valued at 500,000 U.S. dollars this morning, according to sponsors.

Artistic handicrafts and cosmetics have also been hot items today, they said.

The fair, scheduled to last until the 11th of this month, is sponsored by the Beijing Municipal Commission for foreign economic relations and trade, and several trading companies and enterprises in the Chinese capital.

State Councillor Zhang Jingfu cut the ribbon for the opening ceremony. Vice-Minister of Foreign Economic Relations and Trade Wang Pingqiang, and Beijing Mayor Chen Xitong, also attended today's opening ceremony.

Market System Develops in 72 Pilot Cities
*OW041150 Beijing XINHUA Domestic Service
in Chinese 0306 GMT 27 Feb 88*

[Text] Beijing, 27 Feb (XINHUA)—Market forces rapidly developed in 72 cities experimenting with comprehensive reform of the economic structure in 1987 in order to meet the needs of the developing commodity economy. While continuously improving their markets for consumer goods, these cities have gradually set up markets for means of production, funds, science and technology, and labor, thus playing their multifunctional service role and promoting the development of production.

It has been learned that the 72 cities' total industrial output value was 486 billion yuan in 1987, a 17.2 percent increase over the previous year, a growth rate higher than the national average.

In these experimental cities, the market system has been improved mainly in the following aspects:

The market for consumer goods has remained brisk. The value of these experimental cities' 1987 retail sales totaled 190.1 billion yuan, up 16.9 percent over the previous year. The value of total retail sales in 28 such cities in east China increased 18.4 percent, and that in 26 and 18 such cities in central and west China respectively by 15.5 percent.

The market for means of production has vigorously developed. Purchase and sale of materials in these experimental cities has changed from a closed system characterized by barriers between regions and departments to the forming of lateral economic ties, and from unified

distribution to the development of a commodity economy. The Materials and Equipment Department in Jinan City has established stable and sustained coordinating relations with 63 prefectures and cities in 8 provinces in the supply of materials. In addition to its 18 supply stations (or points) situated in the city proper, Jinan has also built or rebuilt a number of supply stores. Now a network for the supply of materials in the city and in the counties, townships, and villages in its suburbs has basically formed. The Materials and Equipment Department in Wuhan City has set up two specialized markets and six joint enterprises. Nearly 800,000 metric tons of steel products were sold in Shenyang City's market for steel products. The market for steel products in Guangzhou City has also established regular business-coordinating relations with 22 enterprises in various parts of the country.

The market for funds has appeared. In Guangzhou City, 183 new financial institutions were set up last year. Now there are 844 such institutions in the city. By the end of 1987, the loans offered by these institutions totaled 7.54 billion yuan. They also accept negotiable instruments at a discount or rediscount rate. They have accepted 1,327 commercial and bank notes at a discount rate, totaling nearly 700 million yuan. They have also made effective adjustments in foreign exchange and cash remittances and issued bonds for enterprises and financial bonds. Some 56 financial institutions have been set up in Jinan City, including the trust and investment company of the city's industrial and commercial bank, the trust and investment company of the city's bank of construction, and a securities exchange, to do a variety of business in trust and investment.

The science and technology market is vigorously developing. More than 600 establishments have been set up in Shenyang City to deal in science and technology as a commodity. The transactions concluded by those establishments last year were worth 350 million yuan. Over 3,000 people are now working for such establishments in Shijiazhuang City. More than 10,000 scientists and technicians have participated in technology trade activities. Stations have also been set up in some cities to provide service for qualified people who are moving from one place to another. In Harbin, 200 scientists and technicians have been recruited to set up a station for the movement of qualified people, and the station is ready at all times to send such people to a place where they are badly needed or to tackle difficult technological problems on a contract basis. Local people have also begun to set up science and technology enterprises. According to statistics, 308 such science and technology enterprises have been established in Dalian, Taiyuan, Zhengzhou, Qiqihar, Jinan, and 15 other cities.

The labor market has begun to take shape. Shenyang City has opened 14 comprehensive and specialized labor markets in 11 counties and districts. It has also opened a labor market on 21 streets in its Heping District, through which 256,000 were transferred or hired last year.

Wuhan City has opened a multipurpose labor market with a view to "being geared to the needs of society, serving enterprises, discovering talented people, and revitalizing Wuhan." Two meetings were held, one in May 1987 and the other in December 1987, to promote the exchange of labor service, at which 462 skilled workers were transferred or hired. Through the multipurpose labor market, 2,252 workers were recruited, 3,516 people were trained before their employment, and 245 tutors and 1,372 housekeepers were recommended. Some 8,196 workers and staff members whose places of work were too far away from their residences were transferred to units nearby.

Survey To Boost Economic Development of Islands
HK040400 Beijing CHINA DAILY in English
4 Mar 88 p 1

[By staff reporter Guo Zhongshi]

[Text] Major plans are in the works to lift China's numerous islands out of backwardness and poverty.

A mammoth survey of China's 5,000 or more islands is due to be finished by 1992. It is being accompanied by research and experimental economic projects designed to dramatically transform the lifestyles of islanders.

Officials of the State Bureau of Oceanography told CHINA DAILY that the purpose of the investigation is to provide basic and scientific material to help economic development on the islands.

Comprehensive plans will be made on the basis of the survey to enable poverty-stricken islands with populations of at least 300,000 to take the first steps on the road to prosperity, they said.

The majority of China's more than 400 inhabited islands, with a total population of 27 million people, are still plagued by backward economies and poor production and living conditions. Many of them suffer acute shortages of electricity, water and fuel, and lack hospitals, schools and communication facilities.

In the country's first systematic and comprehensive survey of its islands, emphasis has been placed on detailed investigations of the 200 township-level islands, as well as uninhabited islands with potential for exploitation.

Economic projects now being tried in conjunction with the survey include fish farms and fruit farms on wasteland along the coasts. Efforts are also being made to build harbours and berths while at the same time using shallow waters to increase aquatic production.

Most funds for the planned projects will have to be raised by local governments themselves. However, the officials said most of the island projects will require only small investment but give rapid benefits.

The officials said underdeveloped islands will be given preferential policies to boost development and funds for economic projects.

The CHINA ENVIRONMENTAL JOURNAL reported that the country had set up 189 environmental protection projects along coastal regions and is aiming to upgrade all coastal waters to the State standard in the next 10 years.

Article on State Role in Export-Oriented Economy
HK040853 Shanghai SHIJIE JINGJI DAobao
in Chinese 8 Feb 88 p 5

[Article by Wang Huning [3769 3337 1337] of the Department of International Politics at Fudan University: "Heading Toward Internationalization—Changes in Government Functions Under the Strategy of Developing an Export-Oriented Economy"—first paragraph is SHIJIE JINGJI DAobao introduction]

[Text] We must demand that government functions head for internationalization. This will enable us to control and operate the mechanisms for an externally oriented economy in a more effective and suitable way. It will enable us to adjust to international market changes in a more rapid and more flexible way. It will enable us to adjust to the rules governing international economic development in a more rational and compatible way. Otherwise, there will be a lack of good political conditions for the development of an externally oriented economy.

1. A New Dimension for Studying Government Functions and Selecting the Path of Political Development in the International Economic Movement [subhead]

Today's world is one in which various countries influence, depend on, and clash with each other in the political, economic, cultural, and other fields. The rapid development of the world economy in particular causes the economies of various countries involved in international economic systems to form patterns of being closely related, with identical interests. Just as well-known U.S. scholar John Naisbitt said, people can no longer reconcile themselves to the economic system of an isolated and self-sufficient country, and must now recognize themselves as being part of the global economy.

The beginning of China's modernization happened to coincide with this period. Over nearly 10 years of reform and openness, China has stepped onto the international economic stage with unprecedented courage, giving a hefty boost to socialist modernization. The total export value of more than \$30 billion last year is an important

mark of China's participation in the international economic system. Export trade, foreign investment, joint-venture enterprises, the export of labor, and many other undertakings are tying China's economy ever more closely to the world economy.

China does not have high labor productivity and is relatively poor in resources. Labor-intensive production accounts for too large a proportion. It also has a large population. To solve these problems, the externally oriented economic development strategy of joining the international economic system and exploiting the international market has become an inevitable choice.

This economic development strategy has provided a new dimension for the study of China's path of political development. The goals of our political reform are: A high degree of democracy, a high level of efficiency, a perfect legal system, and brimming vitality. As far as modernization and the distribution of social resources are concerned, a high level of efficiency and brimming vitality produce a more direct effect. If the political system shows no rapid development in line with the economy, this will inevitably interfere with economic development. The political system has fundamental functions in two respects: internal functions and external functions. External functions cover matters of diplomacy, national defense, foreign trade, and other matters. At a time in which a country's economy is becoming increasingly involved in the international economic system and the international market, these functions will naturally be increased and strengthened. This is obvious. What needs to be further made clear is that we must internationalize the functions of government organs at various levels, as products of the development of a modern society, in the process of their daily handling of matters of control and management to suit domestic and international characteristics. Participation in the international economic system and development of an externally oriented economy mean attracting large amounts of direct foreign investment and more actively joining the international monetary system.... This process is actually one of China being more actively involved in the international economic system and the international market. China's economy and market will also thus increasingly become an inseparable part of the international economic system and the international market. This process of mutual operation requires government functions to head for internationalization and to be capable of controlling and operating an externally oriented economic system in a more effective and suitable way, capable of adjusting to international market changes in a more rapid and flexible way, and capable of following rules governing international economic development in a more rational and compatible way. Otherwise, there will be no good political conditions for the development of an externally oriented economy.

Our government functions have for a long time not been highly internationalized. Today, if we do not let government functions head for internationalization, it will not

help in the vigorous development of modernization. Given this new dimension, we should promote an overall reform and enable government functions to adjust to the new economic development pattern that will soon form.

2. We Must Understand the Demands Imposed by an Externally Oriented Economy Upon Government Functions and Set New Targets in Political Development [subhead]

Given an internally oriented economy, the determination of government functions is based on the specific domestic political, economic, and cultural conditions and on a country's political institutions, political systems, relations of production, economic level, and scale of production and on the quality of the people. Given an externally oriented economy, not only must the above factors be taken into consideration, but we must also widen our horizons and consider the international economic system and many political, economic, and cultural factors, achieving the aim of development at two levels. An externally oriented economy involves varied and complicated aspects. Government functions will not automatically fall in line with it without going through a process of systematic and coordinated development. Therefore, the chosen development of an externally oriented economy is not only a new target in China's economic development but also can constitute a new target in China's political development.

In the past few years, the number of foreign enterprises investing in China has reached more than 10,000. This has stimulated China's economic development, but has at the same time brought to light many incompatible areas in government functions, such as adopting many different approaches to foreigners, low efficiency in getting things done, imposing complicated examination and approval procedures, frequent improper intervention in foreign enterprise decisionmaking power, failing to guarantee the smooth operation of channels for the supply of funds, raw materials, and energy needed by foreign enterprises, incompatible labor or personnel systems, and so forth. All these do not help in creating a favorable "little climate." As far as the externally oriented economy which is to be created is concerned, the current level of development is only a case of things being imported and exported on a small scale. An externally oriented economy calls for importing and exporting on a large scale and for an increase of up to 10 billion [no currency as published] in foreign investment. It is not difficult to see that without the rational development of government functions, the full development of an externally oriented economy can hardly be conceived of. Here, the direction for the development of government functions is internationalization. It calls for developing government functions according to customary international practices, especially the function of economic management, to overcome the incompatibility of government functions in the switchover from an internally oriented economy to an externally oriented economy.

The formation of given government functions is closely related to given social economic behavior. An externally oriented economy calls for the involvement of a country's economy in international economic exchanges and competition and for more use of international resources and markets and more participation in the international circle. This pattern of operation is different from an internally oriented one. The latter lays emphasis on considering domestic economic mechanisms and economic strength and various domestic factors, and on working out systems, functions, procedures, and policies and adopting, if necessary, certain legal means, policy means, or even administrative means to stimulate economic development. On the other hand, an externally oriented economy calls for considering things in two aspects and also for reckoning more with international factors and characteristics. An externally oriented economy, in a certain sense, calls for more efficient and lively government functions. On the one hand, a country's own laws, policies, and administrative means can hardly be applied to the international economic system and the international market. There is a need for the government to adjust to the latter where wider areas are concerned. On the other hand, an externally oriented economy imposes on the government more complicated demands. It requires the government to have complete, efficient, and normal functions in such areas as international trade, economic growth, trade policy, tariffs, import quotas, export subsidies, the foreign exchange market, the balance of international payments, foreign exchange rates, the balance of trade, currency and foreign exchange controls, the international circulation of labor, negotiable securities, direct investment, and so forth. An internally oriented economy also requires the government to have more or less the above functions. More importantly, an externally oriented economy calls on the government to have functions in those areas that are internationalized. Only in this way can an appropriate atmosphere be created.

The international economy and the international market are free from intervention by any government. Only those who adjust to them can win. Therefore, we should, in line with the needs of the development of an externally oriented economy, reform and perfect government functions and establish new targets.

The internationalization of government functions covers many aspects: 1) Bringing about various government functions that include the aspect of being adapted to international factors; 2) Strengthening and internationalizing special relevant government functions and adding functions previously not in existence but required by an externally oriented economy; 3) Bringing various government functions involving international factors into line with traditional international practices; 4) Raising international consciousness in the process of government operation and increasing administrative efficiency, given the large international background. These are only rough targets. Detailed targets can only be determined in concrete practice.

3. Using the Development of an Externally Oriented Economy as a Wedge To Form a New Driving Force Behind Political Development [subhead]

The internationalization of government functions is not only a requirement in China's current development of an externally oriented economy, but also a requirement in the modernization of China. The development of the contemporary world shows that in order to hold its own on the international stage, a modern country must have internationalized government functions. In China, economic development requires every aspect of society to make appropriate changes. The development of an externally oriented economy as a component of the strategy for China's economic development will constitute a new driving force behind political development. The spectacular economic reform in the country has set demands for reform on the political system. The everchanging complex international economy also imposes its own demands on the political system. It can be seen that heading for the internationalization of government functions will stimulate not only economic development but also political development.

The national conditions of China call for developing an externally oriented economy and selecting the road of importing resources, processing products, and exporting finished products. The basic pattern will be one of using domestic manpower resources to process material resources from abroad and then putting them on the international market. In this process, the first step will involve the problem of whether foreign resources can be imported on a large scale! Also, after being imported, can they "travel" smoothly? Can it be a rapid process? Can the aim be achieved? The second step will involve the problem of whether various conditions needed in the process of handling resources are complete. For example, equipment and technology needed for processing; policies and funds needed for imports; systems and skilled personnel needed for management; information and conditions needed for export. The third step will involve a more comprehensive level, because the above conditions are not isolated. They are inseparably linked to a particular social environment. The perfection of these conditions calls for the perfection of the social environment. Therefore, the stimulation of the development of government functions by relying on a domestic cycle involving foreign resources and on the international circle will help in political development.

The internationalization of government functions involves many aspects and is a process linked to the whole economic reform and to political reform. As a matter of political development, the internationalization of government functions covers the following fundamental aspects: 1) Government behavior—strengthening and increasing the contents of relevant international economic and social activities and changing the traditional government pattern of behavior marked by "being internally oriented" and "isolated." 2) Sorting out government administrative procedures under a new economic

structure and continuously readjusting and changing those incompatible portions in light of the problems encountered in the process of actual development. 3) With changes in government behavior and administrative procedures, the government structure should also undergo appropriate changes. 4) An improvement in the quality of government personnel requires government personnel to have the necessary qualities in knowledge, consciousness, and technical know-how.

Economic development provides conditions for the internationalization of government functions. But the internationalization of government functions also provides, to a certain degree, conditions for economic development. Particularly in the development of an externally oriented economy, we cannot imagine that we can smoothly introduce an externally oriented economy under a structure of government functions only suited to national conditions. Just as modernization requires people to undergo changes in concepts, consciousness, knowledge, and other respects, participation in the international economic system and the international market also calls for changes in the functions of the organ in charge of the distribution of resources—the government. Conditions in relatively developed coastal areas are comparatively ripe. They may, and can, make a first start. Only with government functions internationalized to a relatively high degree can half the battle be won in developing an externally oriented economy.

Dispatch Views Coastal Areas Development
HK031413 Hong Kong WEN WEI PO in Chinese
28 Feb 88 pp 1, 2

["Dispatch from Beijing" by correspondent Juan Chihung (7086 4764 1347): "Thoughts on Joining the Large International Circle"]

[Text] The economic development strategy for the coastal areas of China, the program to join the large international circle, was officially submitted during the fourth meeting of the CPC Political Bureau held on 6 February of this year. This idea was first put forward in an article written by Wang Jian [3769 1696], a researcher in the Planning Commission, in June of last year. Party General Secretary Zhao Ziyang has a high regard for this idea. After this idea was studied, it was discussed in an internal meeting last September and then officially put forward during the high-level meeting early this month. According to reports, the departments concerned will convene a meeting on the economic development strategy for the coastal areas in early March. This meeting will be attended by the responsible persons of the coastal areas. It is expected that more specific programs will be formulated during this meeting. Some economists consider that the setting up of special economic zones in 1979, the opening up of the 14 coastal cities in 1984, the opening up of delta areas in 1985, and the strategy for accelerating the development of coastal areas implemented in 1988 form one continuous line in the process

of the gradual opening up of China. The practice of joining the large international circle will inevitably promote the economic development of the interior and the entire country.

Some other economists consider that the reason for putting forward the strategy of joining the large international circle is that the present development of the coastal areas cannot be further deepened and joining the large international circle is a possible solution. They summed up the development of the past year or two and found that there are three main problems:

1. There is a serious shortage of raw materials. According to the recently published "Statistics on National Economic and Social Development in 1987," the growth rates of cloth, wool, fabric, steel, and timber production are lower than that of the value of the gross national product. According to reports, a Shandong lace factory had to purchase raw materials exported by Harbin (the goods were still within Chinese territory but resold by Hong Kong merchants); and a village in Jiangsu was guarded by its militia, and businessmen from other areas were not allowed to enter the village to buy the raw materials produced there. The three kinds of enterprises that are partially or wholly foreign-owned are the most seriously affected by this problem. Since the raw materials they require are not within the plans, their supply is not guaranteed. In addition, due to the vigorous development of township and town enterprises, which have an annual growth rate of 20 to 30 percent, it is expected that the problem of the shortage of raw materials will remain an acute problem for the next few years. Therefore, only manufacturing industries with imported raw materials can be developed.

2. Foreign investment is at a standstill. Although some of the 4,000 enterprises of the three kinds that are partially or wholly foreign-owned have been gradually established and put into operation in recent years, a large number of them are non-productive enterprises. They have encountered many problems in production, and these problems cannot be completely solved at all at once. The State Council and the Ministry of Foreign Economic Relations and Trade have separately convened several meetings to study the implementation of related policies stipulated by the central government in order to successfully manage the established three kinds enterprises that are partially or wholly foreign-owned. The reason for the hesitation of foreign investors to invest in China is that China does not open its domestic market to foreign investors. However, China's domestic market cannot in fact be opened all at once or domestic industries that have just started to develop would be harmed. Under the circumstances, China can only first develop three forms of import processing and compensation trade to obtain various experiences and to accumulate funds.

3. The development of the coastal development zones has not been satisfactory. Although China has established economic development regions in 11 coastal cities, a satisfactory amount of foreign investment has not

been drawn in, due to the huge amounts of investment and high costs involved and the slow returns on preparing the infrastructure for construction projects. Therefore, the parties concerned think that it would be best for China to use existing factories, particularly township and town enterprises, to draw in foreign funds to import and renovate equipment, so that coastal areas can thus develop an export-oriented economy.

As mentioned above, it can be said that various parties consider that joining the large international circle would develop the economy of the coastal areas. Of course, China cannot join the circle at one stroke. The central decisionmaking authorities will handle this matter with great care.

Article on Economic Situation in 1987
HK040833 Shanghai SHIJIE JINGJI DAobao
in Chinese 8 Feb 88 p 3

[Article by He Jiacheng (0149 1367 2052) and Zhang Xuejun (1728 1331 6511) of the Economic Research Institute of the Chinese Academy of Social Sciences: "China's Economic Situation in 1987"]

[Text] In 1987, China's economic situation improved further. Except in a very few special cases, all the main quotas of our national economy were brought under effective control; and on this basis, the new factors supporting China's economic growth further developed and our national economy experienced gratifying changes with regard to its characteristics. These gratifying changes are no doubt conducive to the further development of China's national economy.

1. Expansion of Export Trade Pushes Forward Economic Growth [subhead]

In 1987, total domestic demand in our country was brought under effective control. This could be seen from the fact that in 1987, investment in fixed assets increased by only 15.9 percent over 1986. Total turnover of social commodities increased by only 17.6 percent over 1986. With price rises factored in, investment in fixed assets increased by zero percent in 1987 from 1986, while total turnover of social commodities increased by only about 9 percent. This showed that state macroeconomic control was tightened compared with the situation in 1986. According to our past experience, such a situation would certainly cause our domestic production, especially industrial production, to shrink further.

However, while domestic demand was restrained, overseas demand increased greatly. According to statistics, the total volume of our country's import trade dropped by 2.8 percent compared with 1986, but the total volume of our country's export trade increased sharply by 23.4 percent. This huge favorable balance in our country's external trade not only put an end to the unfavorable situation in China's import and export trade but also effectively pushed forward China's economic growth. In

1987, our country's total industrial output value increased by 14.5 percent, which was 3.5 percent lower than the increase rate in 1985, but 5.7 percent higher than the increase rate in 1986.

It is quite obvious that the economic growth rate of 1987 contained great economic results. This situation was different in nature from the situation in the 2 previous years. In 1985, the central authorities implemented the necessary austerity policies in order to check the expansion of total domestic demand. However, because of the "lingering effect" of the expansion of total domestic demand, the austerity policies failed to produce the desired results. In 1985, our country achieved a high speed of industrial development by using a large amount of her foreign exchange reserves. This means that in 1985, our country achieved a high rate of industrial development by relying on foreign resources. In 1986, though the austerity policies implemented by the central authorities achieved gratifying results, no breakthroughs were made in our country's foreign trade. This situation sharply reduced the speed of our country's economic growth. As a result, a number of our domestic resources were left idle. In 1987, while restraining domestic demand, our country also tried its best to expand overseas demand for its products. This double-track measure produced a positive impact on the operation of the entire national economy of our country. First, the restraining of our domestic demand not only directly reduced China's dependence on overseas resources but also greatly pushed forward the readjustment of our domestic industrial structure. In 1987, of the total investment made by our country, the proportion of investment in domestic production, the proportion of investment in updating equipment and transforming technology, and especially the proportion of investment in energy production and the proportion of short-term investment in the production of raw and processed materials all increased by varying degrees. This development merits our attention. Second, the expansion of overseas demand filled the gap left by the lower domestic demand, which the unnecessary idleness of domestic resources and improved the structures of products for export. This could be seen from the fact that the proportion of exported primary products fell, whereas the proportion of exported finished products increased from 62.7 percent in 1986 to 65.5 percent in 1987. Finally, most importantly, the links between the domestic market and the overseas market enabled the overall balance of our country's national economy to acquire new contents and new meaning. These new contents and new meaning of our country's national economy have given us new hope and inspiration and have encouraged us to shake off the yoke of the traditional pattern of economic growth and greatly develop the export-oriented economy.

2. Hidden Currency Peril Removed [subhead]

Another outstanding characteristic of the improvement of our country's economic situation in 1987 was the slow increase in our citizens' incomes. The increase in the

total wage volume for urban staff and workers dropped from 20 percent in the previous year to 12 percent in 1987. The per capita rate of wage increase was 10 percent in 1987. With price rises factored in, the per capita rate of wage increase was only 1.3 percent in 1987. This rate of increase is the lowest recorded since 1981. In particular, the ratios among the rate of increase in wages, the rate of increase in labor productivity, and the rate of increase in total industrial output value (the ratio between the rate of increase in wages and the rate of increase in labor productivity and the ratio between the rate of increase in wages and the rate of increase in total industrial output value were 7 percent and 14.5 percent respectively in 1987) showed that the wage increase rate in 1987 was the lowest recorded since the reform started.

The positive results created by the slow increase in our citizens' incomes slowed down the increase in domestic consumer demand and the increase in total turnover of social commodities in our country and removed, or partially removed, the "hidden currency peril" left over from the previous year. When analyzing the economic situation in 1986 at the beginning of last year, we pointed out that the year 1986 saw a sharp drop in the speed of development of industrial production, the restraining of the financial resources of enterprises, and an excessive increase in wages and bonuses. Under such circumstances, in order to maintain normal production, enterprises needed to apply for new bank loans. Although the new bank loans would largely depend on the extra bank savings of our citizens, and would not necessarily reflect an increase in total social demand in our country, the enterprises that applied for new bank loans would certainly cause a "false expansion" of our country's total currency circulation system. In other words, when all the major quotas of our national economy had not yet been brought under unified state control, a relatively low rate of increase could only be maintained by more loans and the issuance of more currency. Although such a situation could not have any harmful effects on our country's national economy over a short period of time, it would certainly leave a hidden peril for the future and for the long-term economic development of our country.

Now, it seems that the slow increase in the incomes of our citizens has played a positive role in reducing the issuance of currency and in removing the hidden currency peril. According to statistics, in 1987, the rate of increase in the total amount of bank loans dropped from the previous year's 28.5 percent to 18.8 percent. The rate of increase in the total volume of currency in circulation dropped from the previous year's 23.3 percent to 19.4 percent. Because this took place when both the economic growth rate and the price increase rate were higher than those of the previous year, it showed that the state had proper and effective control over the currency. At least we can say that in 1987, we successfully put an end to the practice of issuing more currency to sustain and promote economic growth, and thus removed a hidden peril. This situation also proved that the state successfully strengthened its macroeconomic control in 1987.

3. Agricultural Cycle Causes New Contradictions Between Supply and Demand [subhead]

In 1987, some unstable factors also emerged in our country's economy. The most outstanding problem was that the supply of certain types of farm and sideline products fell short of demand. The decrease in the production of live pigs and sugar crops further aggravated the contradiction between supply and demand. Thus, a lot of large and medium-sized cities again introduced rationing. As a result, prices rose quickly. The annual average total retail price index rose by 7.2 percent, exceeding the originally planned 6 percent. This situation caused resentment among consumers.

The emergence of these phenomena was closely related to the agricultural cycle. According to the estimates of some comrades, the cycle of our country's agricultural production takes 4-5 years, in which the fluctuation in live pig production caused by the fluctuation in grain production usually lasts one year. As far as the specific process was concerned, our country's grain production reached its peak level in 1984. However, because our country imported more grain in 1984, market grain prices dropped sharply. Therefore, in 1985, our country's grain output dropped sharply and live pig production reached its peak level (because the fall in grain prices stimulated the peasants' enthusiasm in developing live pig production). However, in 1986, grain prices rose sharply, which in turn stimulated the development of grain production and restrained the development of live pig production. As a result, live pig production stagnated at a low level in 1987. This situation was obviously the basic factor which intensified the contradiction between supply and demand.

It is necessary to point out that periodic fluctuations in agricultural production are an unavoidable phenomenon in the commodity economy. Periodic fluctuations in agricultural production do not directly affect the economic situation in a particular fiscal year or have any effect on the expansion of general social demand. For example, after experiencing an all-time low in 1987, our country's live pig production is expected to increase in 1988. No matter what new problems we come across in our efforts to control general social demand, the contradiction between supply and demand in pork will tend to ease. In addition, supply and demand interact with each other. We now have serious problems with regard to demand. Just as we pointed out in another research report: Meat consumption among the citizens of our country has risen too fast. The huge pressure caused by this rising demand for meat has become, or is becoming, a big obstacle to the long-term development of our country's economy (please refer to JINGJI YANJIU, Vol I, 1988). However, from a short-term point of view, the sudden intensification of the contradiction between supply and demand in 1987 was caused by the supply factor, that is, by the agricultural cycle. Some comrades have indiscriminately blamed the expansion of consumption

and the expansion of general social demand for intensifying the contradiction between supply and demand. This is an obviously incorrect view.

Because periodic fluctuations of agricultural production is very serious in our country, we should carry out an in-depth study of the problem. Since the implementation of the system of contracted responsibilities on the household basis with remuneration linked to output in the rural areas of our country, the peasants' enthusiasm in carrying out agricultural production has been brought into full play. However, how to make small-scale household production meet the huge demand in the urban areas is a question we have not properly solved thus far. Moreover, it is impossible for the existing "official-businessman" structure to rationally readjust the relationship between supply and demand and to "reverse the agricultural cycle." Some incorrect responses we have made in the course of implementing the relevant policies, such as in 1984, which saw a good grain harvest, we increased grain imports; and when market grain prices dropped sharply in 1985, we did not properly lower the contract grain prices, have obviously intensified the periodic fluctuations in agricultural production and caused such serious consequences as occasional "overstocking" and occasional shortages of grain. Therefore, the only way to solve this problem is to speed up the pace of the reform and further carry out overall reform.

4. A Few Concluding Points [subhead]

1. Generally speaking, the main trend in the economic situation of our country in 1987 was good. Just as we pointed out in our article entitled "The Stability and Improvement of the Economic Situation and a Turning Point of Historical Significance in the Reform," published in SHIJIE JINGJI DAOBAO at the beginning of last year: After experiencing an appropriate austerity between 1985 and 1986, the economic situation of our country will take a favorable turn. In particular, the deepening of the enterprise reform will provide a new power mechanism for economic growth. Under such circumstances, if we do not carry out an in-depth analysis of specific questions, do not make efforts to explore new mechanisms and new characteristics of the economic operation of our country, but simply transplant the Western concept of macroanalysis or mechanically apply our country's traditional concept of macroanalysis to the present economic operation of our country, we will certainly not be able to make any correct judgments.

2. To affirm achievements does not mean to evade difficulties. Although we scored outstanding achievements in promoting our country's export trade and checking the increase in our citizens' incomes in 1987, as far as the long-term development of our country is concerned, our achievements in these two aspects cannot hold good for all time. Also, the problem of the agricultural cycle, which is embodied in the contradiction between supply and demand, the problem of our citizens having an increasingly greater preference for meat, and

some other problems have combined to face us with serious challenges. In this sense, stabilizing the economy is our long-term and arduous task.

3. The difficulties we have encountered in the course of our economic development are in nature problems concerning our economic structure. The fundamental way to stabilize the economy is to deepen the reform. Therefore, allowing the overall strategy for deepening the reform to guide the specific policies and measures for stabilizing the economy should become our basic starting point in considering the problems in our national economy.

Workers Should Help Select Enterprise Managers
OW040431 Beijing XINHUA in English 0927 GMT
3 Mar 88

[Text] Beijing, March 3 (XINHUA)—Workers should have more say in choosing managers in implementing the contract responsibility system, the "WORKERS' DAILY" said today.

The organ of the All-China Federation of Trade Unions devoted a large part of its front page today to a summary of letters from readers together with a commentary calling for open, fair competitions in selecting enterprise managers.

Some readers complained enterprises were contracted out without open bidding and, at the same time, the workers are kept in the dark.

The trade union committee of a machinery parts plant in Zhejiang Province wrote that the director had signed a contract with a government department in charge of the plant without letting the workers know.

The paper also cited a case of a county cement plant in Hebei Province which held an "open bidding" for a contractor. Both the director and deputy director tendered bids.

When the director won although his bid was inferior, angry workers went to the county government, asking what was the sense of bidding if the result was a foregone conclusion.

The paper said the contract responsibility system has been proved effective in reforming the urban economic system. But "wrong tendencies" still exist and have to be eliminated.

"Since the workers take the risks together with the contractor once the new system is implemented, why should they be deprived of selecting the contractor?" The paper asked.

Fair competition is the key to the success of the contract system, the paper said, and government departments involved should provide equal opportunities to all bidders so that talent and not pull will win out.

Minister on Contract Responsibility System
HK040748 Beijing RENMIN RIBAO in Chinese
14 Feb 88 p 2

[Article by Lu Dong (0712 2639): "Perfectly Link Up the Parts To Deepen and Develop the Contract Managerial Responsibility System—Speech at the National Forum on the Contract Managerial Responsibility System for Enterprises"—passages in boldface as published]

[Text] Basic Experiences of Implementing the Contract Managerial Responsibility System in 1987 [subhead]

The national economic situation was very good in 1987. However, this good situation did not come easily. At the beginning of last year, people were still worrying about our economic development. But developments later showed that the situation was much better than people had expected after implementing the contract managerial responsibility system and carrying out the double increase, double economy campaign. It may be appropriate to say that we have achieved a high-speed and comparatively healthy development with good economic returns.

Comrade Zhao Ziyang pointed out recently that we had many good experiences in 1987 and must sum them up. We did a lot of things to implement the contract managerial responsibility system last year and accumulated abundant experiences which should be conscientiously studied and summarized. As a preliminary, we should consider at least the following five basic experiences:

In enterprise reforms we must adhere to the viewpoint of practice and proceed from China's national situation and the real situation of the enterprises. Since the 3d Plenary Session of the 11th CPC Central Committee, China's enterprise reform has gone through a course of practice, recognition, and again practice and recognition. On the question of how to further deepen the reform, there have been differences in the people's understanding and practice. Jilin, Guangdong, and other provinces as well as the Shoudu Iron and Steel Complex, the Second Automobile Works, the Jiamusi Paper Mill, and the Echeng Iron and Steel Complex have been continuously implementing the contract responsibility system. The vigor and vitality they have attained since adopting the contract system and their contributions to the state, indicates the path for deepening enterprise reforms. At the second meeting of provincial governors held last April, the experiences of Beijing and other cities in implementing five major contract responsibility systems, including the "two guarantees and one link" system, were summed up and affirmed, and it was decided that they should be popularized throughout the country in accordance with the principles of "setting a fixed contract base, ensuring the profits turned over to the state, retaining more when earning more, and the enterprises making up their losses if there are any." Thus, new headway was made throughout the country in enterprise reforms. The great achievements made in the past few years, especially in last year,

in implementing the contract responsibility system convincingly prove that the contract managerial responsibility system is a choice through practice and a choice based on China's national situation.

Through contract, the economic returns can be raised and a possible decrease in revenue can be avoided. In the final analysis, to solve the existing contradictions and difficulties of our country in the current stage, we should increase the economic returns of our industrial production, and the economic returns of industrial production can be increased only by implementing the contract managerial responsibility system in enterprises. When implementing the contract responsibility system, the basic quota for returns is ensured and, on this basis, a certain growth rate is also ensured. Thus, judging from the overall situation, despite the possible changes in production and markets, the growth in financial revenue can be guaranteed and "sliding down" can be prevented. The development of the situation has proved this and will further prove it. In the first 4 months of last year, before the contract responsibility system was popularized throughout the country, there was at one time a downward trend in both the economic returns of the enterprises and the state's financial revenue. After the April meeting of provincial governors, however, financial revenue increased step by step with the popularization of the contract system. The roles of the contract system could be seen more clearly from the experiences of Jilin, Beijing, Guangdong, Hebei, Hubei, and Shanxi, which adopted the contract system earlier than other provinces and cities, and from the speeches of the representatives of some areas and enterprises who attended the meeting.

By implementing the contract responsibility system, the problem of internal power of the enterprises was solved. This is the greatest achievement of implementing the contract responsibility system. How do we arouse the creativity, enthusiasm, and the spirit of competition of both the managers and workers under the condition of public ownership? This is an important question that all socialist countries are making efforts to explore. Judging from the current developments, this problem can be solved by adopting the contract managerial responsibility system in accordance with the theoretical principle of separating ownership from management. The major characteristics of the contract system are "setting a fixed contract base, ensuring the profits turned over to the state, retaining more when earning more, and enterprises making up all the losses if there are any." Since there is a fixed quota to ensure the profits turned over to the state, when the enterprise earns more, it can retain more. Thus, there will be a powerful momentum for promoting production and technological progress and for improving the workers' livelihood. The internal power of the enterprise is thus greatly enhanced. Practice has proved again and again that when the profits turned over to the state are fixed, the enterprise can be enlivened. This is conducive to making the state rich, to enlivening the

enterprise, and to arousing the enthusiasm of the managers and workers. As a result, a lively situation of "galloping without being whipped," as was described by the comrades from Beijing, will appear.

The contract responsibility system has promoted the intensive management of enterprises. Over the past few years, many new things and new management methods have appeared, such as the "full-load work method," "in-factory banks," "improved combination of labor," and all kinds of methods linking distribution with economic returns. We have practiced many good systems and methods in enterprise administration in our past history of development. Since adopting the policy of opening up to the outside world, we have also introduced many modern methods. But why have they not been carried out continuously and why have they become a mere formality in some places and enterprises? A host of facts tell us that a good system should be guaranteed by a good mechanism. It can be implemented continuously only when the internal power has been obtained through a good mechanism. Now, this problem has also been solved by implementing the contract responsibility system. Through implementing this system, the enterprise has more decisionmaking power over operation. It will thus be able to conscientiously carry out internal reforms, strengthen management, promote technological progress, and carry out intensive management, thus achieving greater economic results.

Implementation of the contract responsibility system should be guaranteed by a complete enterprise operating system. Over the past few years, we have gradually established an operating system centered on raising economic returns, with perfecting operation mechanism as the motivating power, accelerating technological progress as the measure, promoting economic ties as the link, strengthening management as the basis, and building the contingent of the "four haves" for workers as the guarantee. Enterprise reform is a systematic project, which involves various fields. Without the guarantee of this operating system, we cannot make overall plans and take all factors into consideration when carrying out enterprise reforms and cannot promote their harmonious development.

The abovementioned experiences are just some initial summaries of the experiences achieved in the past few years, especially last year, in implementing the contract responsibility system. We hope that this question will be further studied so that more valuable and good experiences can be discovered and developed.

The Situation and Tasks of Enterprise Reforms in 1988 [subhead]

The State Council has already made some arrangements for deepening enterprise reforms in 1988. Judging from the current developments in various places in carrying out the contract responsibility system, we face a very good situation and have many favorable conditions.

First, our policies are more definite and stable. Since the beginning of this year, the leading comrades of the CPC Central Committee and the State Council have repeatedly and fully affirmed the contract responsibility system, saying that in the next few years we must mainly rely on the contract responsibility system. This is a way to solve the contradictions in various fields. People are thus reassured. Meanwhile, the "enterprise law" and "regulations on contract" will also be promulgated this year, which will further systematize and regularize the contract system. Second, through our efforts last year, the contract system has been basically brought onto the right track. Compared with last year, the contract system will be implemented in more fields this year and more enterprises will carry out the long-term contract system. The period of validity of the contract will also be longer. After adopting the contract system in revenue, the provinces and cities which have been "proportionately sharing the revenue with the central authorities" will be able to provide more favorable conditions for the enterprises in carrying out the contract system. This year will be one in which the contract responsibility system will play a greater role. Third, the pace of internal reforms will be accelerated in enterprises. Some management methods, which have been proved to be effective, will be further popularized and more fresh experiences will constantly emerge. Once the contract system is successfully implemented, the immeasurable creativity of the managers and the broad masses of workers will be brought into play. In short, there is great potential in the enterprises now. Provided we do our work well, the economic returns will surely be greater this year than last.

At present, we must also realize that, judging from the overall situation, for it has not long since the contract system began to be implemented and our work is still in its infancy, the great potential of the enterprises has not yet been fully tapped. In the concrete course of implementation, we are also faced with some unfavorable factors. The main unfavorable factors are: The increase in the prices of capital goods has still not been fully controlled, which will cause certain difficulties in the enterprises under contract; some defects of the old systems, such as regional blockades and departmental separation, and some old ideas which do not suit the demand of the development of the commodity economy, are still obstructing the further development of the contract system; technological progress has still not become a conscientious demand of some enterprises under contract and their short-term operation has yet to be further improved; and the contract itself needs to be made more scientific and systematic in content, form, and organization.

Having made an overall analysis of the current situation, we have full confidence in this year's work. Under the guidance of the general policy of the CPC Central Committee and the State Council on further stabilizing the economy and deepening reform, we must implement the following recent instructions of the CPC Central Committee in this year's effort to deepen enterprise

reforms: coordination, perfection, deepening, and development. We must further promote economic development by implementing the contract system, ensure the state's financial revenue, strengthen the staying power of enterprises, and improve the bankers' livelihood. At the same time, it is also necessary to develop a number of high-quality and modern enterprises capable of competing with others in the international market and train a number of entrepreneurs who have the spirit of blazing new trails and management ability and who are good at making explorations and advances under the condition of the commodity economy. To put all this concretely, we must do the following jobs well:

We must provide careful guidance and make concrete efforts to further implement the contract system in-depth. When making arrangements for our work, we must pay attention to the following three aspects: 1) It is necessary to implement the contract managerial responsibility system in an all-round way and try our best to promote long-term contracts. The enterprises should work out a long-term strategic target and a plan for implementing the contract system step by step, so that they can follow a clear path from the very beginning of the contract and avoid blindness. The enterprises which are already under contract but which have still not yet worked out a long-term development plan or have not perfected a plan should make up this missed lesson. 2) It is necessary to make efforts to solve the problem of internal mechanism after the contract is made. The emphasis should be laid on reform of the internal distribution system, reform of the labor and personnel system, and establishing the mechanism for conscientiously promoting technological progress. 3) At present, it is necessary to concentrate our strength on strengthening management so that the manpower, financial, and material resources and other main production elements of the enterprises can be at their best. In this respect, it is particularly necessary to pay attention to mobilizing human initiative, that is, the initiative of both the contractor and the broad masses of workers. This is the key problem in improving enterprise administration.

We must further expand and give play to the role of the competition mechanism in the contract system. Without competition, there will be no vitality, no progress. Expanding the role of the competition mechanism is an important aspect in perfecting our contract system. The experiences of some areas show that competitive bidding can be started from a certain city or a certain trade and then be gradually extended. All provinces and cities should learn from Hebei Province's experience in grasping Handan as a model to promote the work of the whole. In those cities where conditions are ripe, the "tender market" for contracts can be established. The enterprises can invite tenders in this market to choose suitable and qualified managers. The managers are also free to enter a bid there. It is necessary to gradually perfect the procedure of competitive bidding through practice. The members of the Tender Assessment Committee should include relevant specialists of the same

trade and workers' representatives. Contracting by managers should be closely combined with contracting by the workers, just as the Shenyang Electrical Engineering Plant has done, so that the plant director can have the support of the workers' representative assembly. Thus, the position of the plant director, who will assume full responsibility for the work of the enterprise, as legal representative of the enterprise can be guaranteed, and the workers' position as masters of their own house can be reflected. Making positive efforts to introduce the mechanism of competition is a general principle in contracting. In practical work, all localities should make positive efforts and take reliable measures in light of their realities to introduce this mechanism. In principle, the enterprises now under contract should continue their contracts, and those which are preparing to carry out the contract system and those whose contracts are due for renewal should create conditions for inviting tenders. Those enterprises that selected the wrong people to act as their managers and are thus unable to carry out their contracts, can also adopt the method of inviting bids to change their managers. In large enterprises, this can be done first in their subordinate factories or workshops on a trial basis and then be extended when they have experience.

We must make further efforts to explore ways and means for promoting intensive management in enterprises. By implementing the contract responsibility system, good conditions have been created for carrying out intensive management in enterprises. However, in order to really give play to the role of intensive management, it is still necessary to deepen reforms within the enterprises. From a long-term point of view, the increase in an enterprise's economic returns depends on technological progress. At present, however, the major contradiction, but also the most realistic potential, is in our backward management. In the past, we had the wrong impression that we had lagged behind only because of our backward technology, neglecting our backward management and systems and the problems in outlook. As a result, it often happened that our economic returns were not increased even after the introduction of good equipment. This year, it is necessary to make concrete efforts to popularize the good experiences and good methods that have emerged in reform on the basis of contracting. Judging from the current developments, the "full-load work method," which has emerged as the times require and with the development of the contract system, is a scientific management method suitable for the realities of Chinese enterprises. It can be regarded as a general term for strengthening enterprise management at present and can be applied in practical work. It can be implemented with other effective methods, such as the economic responsibility system, all-round quality control management, "factory banks," "improved combination of labor," and all kinds of piece rate and fixed quota wage systems, and other modern management methods so that they can complement and promote one another and be constantly enriched and developed through implementation. This is a common task for all enterprises in

China. It is necessary to do even better in upgrading enterprises. According to Comrade Ziyang's instructions, a number of fine quality enterprises under contract will be selected to carry out experiments on linking distribution to labor productivity and economic returns without setting an upper or lower limit. They will be exempted from bonus tax and wage readjustment tax, and their total wages will be determined in light of the conditions of their cities. At the same time, we must make up our minds to solve the problem of surplus personnel who have appeared due to the increase in labor productivity. In order to have our jobs done smoothly, we must firmly grasp training, set up examples, and carry out extensive propaganda.

We must make further efforts to enhance the motivating power of enterprises in promoting technological progress. The contract made by the enterprise with the state and various coordinated reforms within the enterprise should be aimed at enabling the enterprise to conscientiously make use of scientific and technological achievements and promoting technological progress. The tasks for the present are: 1) To create conditions for gradually shifting the main body of investment from the state to the enterprise and for speeding up the development of new products and the spreading and application of new technologies so that the self-development of the enterprise can be promoted and its competitiveness be enhanced; 2) to exercise the quality veto power resolutely so that all enterprises under contract can put quality and variety in the first place and take whether high-quality and marketable products are produced as an important symbol of success in contracting; 3) to attach importance to and encourage the integration of scientific research units and production enterprises so that the achievements of scientific research can be applied in production and turned into social wealth as soon as possible, with the expectation that a large number of good examples of integrating scientific research with production will emerge this year; 4) to speed up the introduction, digestion, and assimilation of advanced technology through contracting and implement a series of policies and measures on this question. In this connection, I would like to emphasize that apart from ensuring the deserved benefits of the managers in accordance with the relevant documents of the State Council, it is also necessary to commend and reward the scientists, technicians, and managers who have made great contributions in contracts and in promoting technological progress in enterprises. In this regard, we must further emancipate the mind and break with the decadent idea of egalitarianism.

We must make further efforts to promote enterprise association and improve enterprise structure. As a result of implementing the contract system, all kinds of associations and mergers have appeared. Thus, we are enabled to implement the principles of "developing strong points and overcoming defects, protecting competition, and promoting associations," which we have been advocating for years. The rational flow of technology, manpower, and funds has also been forcefully

promoted, which is conducive to rationalizing the structure of enterprises. This year, we must make further efforts to break through the restrictions of the "three unchanged" (meaning, the ownership remains unchanged, the enterprise's nature of being a subordinate remains unchanged, and the channel for turning over profits is unchanged) in lateral economic ties. We must expand the scope of associations and encourage the exploration of diverse forms of management and associations, such as leasing, joint stock, joint ventures, cooperatives; and the transfer of property right with compensation. When an enterprise contracts for another enterprise, we should encourage the enterprises with better economic returns to contract for those that are suffering losses or earning little profit, and encourage the advanced enterprises in coastal areas to contract for those in the hinterland. In this respect, the decision-making power should be grasped by the enterprises so that they can improve their structure and combination in accordance with the demand of scale returns and the principle of developing the good and eliminating the inferior.

We must further study and work out a system and method for an enterprise to assume full responsibility for its own profits and losses. To strengthen enterprise's ability to do this is an important factor which decides whether the enterprise can restrain itself and successfully carry out the contract system. At present, it is necessary to resolutely implement the policy of awards and punishment when carrying out the contract system and work hard to realize the following three things: the profits retained by the enterprise, the rewards for plant directors, and the rewards for workers. Those who cannot fulfill the contract should be punished in strict accordance with relevant regulations. In the "contract regulations," which will be put into effect very soon, it is clearly stipulated for the first time that the system of separating cash accounts will be implemented in the enterprises under contract. It is necessary to do a good job in this respect this year on the basis of experiments. In the future, the assets of the enterprises in the form of retained profits will be used as funds for assuming full responsibility for profits and losses. A mechanism to ensure that the enterprise will assume full responsibility for its own profits and losses should be established in various forms, such as holding the wages and property of the contractor as a pledge, making the wages of all workers bear certain risks, having the funds of the enterprise after separating accounting serve as the guarantee, and establishing an insurance institution specializing in contracting risks. If an enterprise still cannot assume the responsibility for its losses even after adopting the abovementioned measures, and no other enterprises are willing to contract or merge with it, then it is necessary to resolutely act in accordance with the "bankruptcy law."

RENMIN RIBAO Discusses 'Pig War'

Part One

HK170609 Beijing RENMIN RIBAO in Chinese
15 Feb 88 p 2

[Article by reporter Ling Zhijun (0407 1807 6511): "The 'Pig War' and its Causes—New Reflection on Fluctuations in Production and Marketing of Pigs (Part 1)"]

[Text] In March 1987, a Jiangsu peasant said bitterly as he faced unsaleable porkers: "If I go on raising pigs, I will be a pig myself."

In January 1988, a Beijing resident cursed heaven and earth when meat ration coupons were issued again: "What kind of reform is this, if this is the result?"

At a time when China's economic reforms have entered their 10th year, pigs have indeed become a focus of attention for the whole of society. There is nothing strange about this. The pig question reflects the reforms' ups and downs and difficulties.

I

The nationwide "pig war" touched off by imbalance between production and sales broke out during the past 10 months, and still shows no signs of easing.

Decrees are issued here, documents are published there. Shanghai has banned the arbitrary slaughter of pigs; Jiangxi has prohibited the practice of privately shipping pigs elsewhere; in Gansu, pigs are under enforced procurement and unified prices; in Anhui, people who gain merit in the forcible purchase of pigs receive bonuses, such achievements being styled "target management"; in Jilin, those who raise pigs must open the pens and hand them over, and small pigs can be passed off as large ones; in Henan, sows are slaughtered if there are not enough porkers.

Peasants who are not reconciled to taking losses slaughter and transport their pigs surreptitiously. Thus, strong barriers are erected between provinces and a forest of checkpoints appears between cities and counties. Defenses are set up on highways, waterways, main roads, and side roads. In some cases militia and public security cadres and policemen are waiting there, guns at the ready. Some peasants are interrogated and examined; some are fined; some are forced to sell their pigs; some fight with carrying-poles, and in some cases warning shots are fired.

In the large cities, pig purchase and sales personnel think up all kinds of schemes and travel great distances in their efforts, yet the number of pigs they procured last year declined by 13 percent from 1986 despite the fine-quality color television sets and imported sugar, fine cigarettes and wine, and despite these personnel's efforts in smiling entreaty everywhere. Since pork supplies were insufficient, prices rose and ration coupons were issued again; in Chengdu there is 1.5 kg per person per month, in Beijing 1 kg, in Harbin 0.5 kg, and in Shanghai the limit is 3 yuan worth per person.

What is the cause of all this? Why are the peasants not raising pigs? Why is it necessary to issue ration coupons again? Why is it said that "consumption is ahead" when there is not enough meat? Why is it necessary to introduce the market mechanism? Why do we have to suffer

all this? The old system must be smiling wryly: This is the result of reforming the unified monopoly purchasing setup, you had better turn back!

If these most fundamental questions cannot be cleared up at this time, will people still maintain soaring enthusiasm for reform?

II

The pig question is one involving the overall situation, like a link in a chain. "One more pig is equivalent to one more person." Some 300 million pigs consume one-eighth of the country's grain every year, and they are thus linked to grain; they are linked with the small production pattern of millions of households; they are linked to the purchase and sales system; they are linked to the state financial system since they eat cheap fodder and are also sold at cheap prices; they are linked to urban enterprise reforms, because they maintain low urban wages with their low prices, while low wages in turn maintain low industrial production costs; and the demand of pig-raisers to raise prices and the demand of pork-eaters to lower the prices is linked to the enthusiasm of the rural folk and the endurance capacity of the urban dwellers.

The pig question is much more complicated than we had imagined.

The phenomenon of "raising pigs for the sake of it" is still very common today. Can the pig question be resolved so long as production is increased? I am afraid not! Otherwise, how could the pig production peak of 1985 have turned into the production trough of today? Why is Guangdong's pig production still not up to Sichuan's? Why is it that in Guangzhou one can "take one's choice of fat or lean" while in Chengdu meat ration coupons are being issued?

The pig question reflects the complex relations between and behavior of the producers, handlers, consumers, managers, and policy-makers. It is the crux of many contradictions in the overall pattern of reforms today.

III

In fact, the big fluctuations in pig production have not been caused by the reforms but rather by the fact that these fluctuations cannot yet be effectively resolved by the reforms so far, and the old system is still making trouble.

The second stage of the rural reforms is directed at the old setup of the unified monopoly purchase of agricultural and sideline products. However, the reforms have encountered thorny problems. Either restrictions cannot be relaxed, or else they are tightened one moment and relaxed the next. Dramatic changes in supply and demand appear between the advances and retreats. Pigs provide the most conspicuous example of this. Prices rise and fall sharply, production has sudden ups and

downs, and there is overlapping between relative surplus and shortage. At first glance, this is caused by pranks of the market. Under careful examination, we find that the old setup is still causing trouble. This is proved by the following two aspects:

1. People cite the failure of the growth of production to keep up with the growth of demand as the cause of the "pig war." The question is, what is making the balance between production and sales so tilted? Please have a look around inside that territory still retained by the unified monopoly purchase and sales system. There is a saying that runs, "First guarantee the needs of the three big cities, second, guarantee the needs of the local markets." In order to have this "guarantee," it is essential to have things "unified." For the peasants, this means low procurement prices; for the urban residents, it means sales at low, subsidized prices. In 1987 16 million pigs in Sichuan were purchased from the peasants in the "unified" fashion, which meant over 1 billion yuan in lost income for them. While the peasants say that "whoever raises a pig is a pig, because grain prices are high and pig prices low," the state is providing huge sums to subsidize pork sales in the towns. Beijing provides over 100 million yuan for this purpose every year, Shanghai also provides over 100 million, and there is a further 100 million yuan in Fujian... There is without doubt a kind of invisible call here: Townsfolk, hurry up and eat your pork. Those who eat more will enjoy more welfare benefits.

2. The reforms are orientated toward the market. Fluctuations in market supply and demand are normal in themselves, but non-market forces often change them into abnormal things. The nation's pig production in 1987 was over 1 million head less than in 1986. This figure accounts for only 2 percent of urban pork consumption, and even less, about 0.6 percent, in rural pork consumption. In other words, if every peasant eats "2 liang" less, increased supplies, and no reduction, can be assured for the towns. This can be done even more easily so long as prices are rational. This is what Guangdong has done, and as a result there is an unending supply of meat in the towns there. However, many places have launched a "pig war" over that 2 percent, forcing down prices on the one hand and instituting unified purchasing with the other, with results that go right against the original idea. The peasants would rather eat meat than sell their pigs. Average per-capita meat consumption in the rural areas in 1987 rose by over 2 kg, and this turned the 2 percent shortfall in the towns into a shortfall of over 30 percent. As a result the more unified purchasing is undertaken for pigs, the fewer pigs there are, and the more the prices are forced down, the more they rise. Efforts to avoid still greater shocks in fact cause even greater shocks. It is not fair to blame the reforms for all this.

IV

The coexistence of the new and old systems and their mutual sticking and friction is the basic characteristic of the rural reforms at present. What requires vigilance is that the old system is at present tending to make a comeback, while the new system is retreating step by step in certain fields.

If the "stalemate" stage is prolonged, the reforms will be unable to advance and will retreat. This is a warning issued to us by the "pig war."

Last autumn, an article by a Jilin Province cadre criticized the accumulated defects in the pig production, supply, and marketing system and proposed a reform scheme. In a comment on this, the provincial leadership expressed support. However, this comment was passed to and fro between the departments concerned, and could not be implemented for that reason. It was not at all easy to launch an experiment on a certain county, but due to opposition voiced by a deputy county governor, the entire reform scheme came to nothing and has still not accomplished anything.

At the same time, mandatory orders, market blockades, price monopolies, arbitrary punishments to the extent of unjustified extortion, and getting everything organized all amount to doing a familiar old job with ease. In Jilin Province again, "contract procurement" of 1 million pigs has been announced for 1988, with the price for each pig set at about 100 yuan below the market price. In terms of the province as a whole, this means one pig for every three households, and those who have pigs have to hand them over, and those who do not, pool their cash. Everything is organized all at once.

This is a signal. Acting in this fashion actually means violating the most important result of the first stage of rural reforms—the management decisionmaking rights that the peasants already possess.

Could we not call this "a retreat, and no advance?"

Part Two

HK030657 Beijing RENMIN RIBAO in Chinese
26 Feb 88 p 2

[Article by reporter Ling Zhijun (0407 1807 6511): "Find the Way Out by Deepening Reforms—New Reflection on Fluctuations in Production and Marketing of Pigs (Part 2 and last)"]

[Text] In cartoonist Hua Junwu's new work "Child Talk in the Pig Pen," two pigs are having a conversation.

Pig A: Do you have any new ideas on the drop in the number of pigs in the pens?

Pig B: It is those old problems I heard about when I was young!

There is truth in this humor: The "new policies" on stabilizing pig production have been around a long time. The various regulations drawn up in 1987 could be seen in 1984, in 1982, and even in 1975. Despite that, fluctuations have repeatedly occurred in pig production and marketing.

Old methods cannot resolve new contradictions. History is calling for new action in reforms.

I

Why is the call to "speed up the pace of reform" still just a slogan in many places and why has it not been translated into action? This reporter asked comrades in 10 provinces and cities about this.

"Fear!" People's replies are shockingly similar: Fear that control will be lost over market prices, fear that the consumers cannot stand it, fear that industrial production costs will rise, fear that the political impact will be bad... In short, there is fear that the urban areas will suffer a blow. Since pork accounts for 90 percent of urban meat consumption, this blow appears all the heavier.

On account of this "fear," in 1987 alone the peasants' income suffered to the extent of over 3 billion yuan as a result of selling pork to the towns at "contract purchase" prices. Should the peasants have to make such a contribution these days? To go further, can such a "contribution" be sustained? Agricultural development has tended to slow down in the past 3 years, while industrial growth has remained at a high level. The lopsided urban and rural economic structure has sounded a new warning.

The fluctuations in pork are affecting the townsfolk's food baskets. There are shortages of cotton, silk, wool, and sugar... Processing industries using agricultural and sideline products as raw materials have started to suffer tremendous pressure from "not having enough work." If machines could talk, their vexations could not be compared to the townsfolk's vexations over pork.

II

Guangdong is an exception to the "pig war." There are no barriers on the country roads, and no restrictions in the cities. This is the result of the bold reforms carried out by the province.

Guangdong went ahead of the rest of the country in lifting restrictions on aquatic products and poultry, but was not so early in lifting restrictions on pigs. At the start, in common with the whole country, the restrictions were only half lifted. Purchase and sales of pigs followed the method of "40 percent procured, 60 percent retained" (40 percent purchased as quota and 60 percent subject to regulation by market mechanism), known as the "dual track system." After that, pig production declined, markets were closed in various places, and

Guangdong opened a new way for itself by adopting two major measures: abolishing the "dual track system" and lifting all restrictions on the markets; and abolishing the subsidies paid to state-owned commerce units for losses, together with their monopoly powers, and lifting all restrictions on opening up new management channels. These two measures achieved two goals: 1) Regulation by market mechanism operated alone, and so there was a complete market; 2) the market organization was gradually established, and so there was a true operational market mechanism.

The comrades of Guangdong extricated themselves from the dead-end of the "dual track system" in pig procurement, which they termed "half-cooked rice" served with "fully-cooked reforms." A relationship of exchange at equal value started to take shape between the rural and urban areas and between those who raised pigs and those who ate them. The result of this is that the markets in Guangdong have demonstrated amazing attraction. Despite the fact that all kinds of obstacles have been erected between provinces, and that the people of Guangdong have not exchanged their pigs for sugar and color television sets, there is a ceaseless flow of pigs and frozen pork. In the Guangzhou markets, lean pork is 8 yuan per kg, and fat pork about 2 yuan per kg. Residents have plenty of choice between fat and lean. Although the foodstuff companies have lost their monopoly position in handling pigs, they have truly become the "main channel," and the number of pigs whose sales they handle amounts to three-quarters of all market sales. These companies have also put an end to their 30 years or more of being subsidized for running at a loss and have started to make a profit. The conclusion of the people of Guangdong is—it is not good to fail to carry out reforms, and total reform is totally good.

III

"Guangzhou is special. People there make more money, so they can endure the prices better." This is a very common view.

It is not the case that people's psychological endurance cannot be raised. There were plenty of complaints in Guangzhou in 1980, just after restrictions on aquatic products had been lifted. One comrade of Guangdong told this reporter: "At that time we really thought about retreating! But we gritted our teeth and stuck it out." Fish prices in Guangdong are now much lower than in Beijing. Pork prices also rose when restrictions on them were lifted later, but people regarded this as quite normal. And today, the average price of pork in Guangzhou is lower than that in the agricultural trading markets in Beijing. Is it not strange that the people of Beijing, whose psychological endurance is lower than that of the people of Guangzhou, have to endure higher fish and meat prices than they do!

There is something even more strange. In Sichuan, which ships out more pigs than any other province, ration coupons have been issued in most cities. People in Chengdu can consume 1.5 kg of pork a month. But the residents do not even use two-thirds of their coupons. A Chengdu resident told this reporter: "There is no good cheap pork, and it is better to buy good-quality meat at high prices in the free market." There is very profound significance in this: Most of the vast subsidies for pork sales in Chengdu are not enjoyed by the inhabitants. "The sole aim of issuing ration coupons was to take care of the social psychology, and there is no practical use in it." This too was said by that Chengdu resident. It is true that, superficially, it is psychologically better for everyone that there is cheap meat on sale in the Chengdu markets. In fact, the residents spend quite a lot on meat, because in Sichuan free market prices are 0.2 to 0.4 yuan higher in those cities that have issued ration coupons than in those that have not. In carrying out reforms, we cannot but bear in mind people's endurance capacity, but it is necessary to make an analysis of psychological endurance. First, it is not as weak as some people imagine. Second, it can be raised in the process of "birth pangs." Third, in certain places it acts as a drag on the reforms. Fourth, in talking about "endurance," people are usually referring to the urban residents, but have they considered the endurance of the 800 million peasants? Fifth, if they do not consider that, very likely the development of the cities will be hard to endure in the end.

We are always talking about "speeding up the pace of reform" and "acting with greater boldness," but many people are still hot on seeking stability and cool on sense of urgency; they worry about many things, but make few decisive moves.

How can there be any more reforms if we have to wait until the reforms can be endured?

Progress in Superconductivity Research Noted
HK040237 Beijing RENMIN RIBAO in Chinese
20 Feb 88 p 3

[Report by Chen Zujia (7115 4371 3946): "Beijing Nonferrous Metal General Research Institute Succeeds in Producing High Critical Current Density Superconductive Strips"]

[Text] The critical current density of the superconductive strips developed by the Beijing Nonferrous Metal General Research Institute reaches 1,000 amperes per square centimeter. That of some sample material even reaches 1,200 amperes per square centimeter.

This marks a record level in the research and development of superconductive materials in China, but merely reaches the advanced international level in mid-1987.

The remarkable result was achieved by the nonferrous metal research institute in its study of milled strips of superconductive materials. The institute has been playing a leading role in the research on applicable superconductive materials. Since the 1960's, the institute has succeeded in developing a number of superconductive materials in liquid helium conditions. Recently, the researchers there succeeded in reaching a rather high critical current density with some superconductive strip materials in liquid nitrogen conditions.

Superconducting materials are materials that do not possess any electric resistance under low temperature conditions. If such materials are to be used to make resistance-free electricity transmission cables, the electric current density through the conductors must be raised to rather a high degree. At present, the major countries in the world which are engaged in research into superconductive materials are concentrating on raising the critical current density, and take this as a major research target. According to the expectations of some scientists, it will take another 10 years to develop superconductive materials which can be used to transmit high-level electrical currents in industry.

Benefits Seen From Foreign Exchange Teachers
OW270556 Beijing XINHUA in English 0203 GMT
27 Feb 88

[Text] Beijing, February 27 (XINHUA)—China's secondary schools are beginning to benefit from exchanges between Chinese middle school teachers and their foreign counterparts, "CHINA DAILY" said today.

According to the current national conference of the Chinese Education Association for International Exchanges, more than 200 foreign teachers have come to China through the exchange program and trained 5,000 middle school teachers of foreign languages in short training courses.

In 1987 alone, 160 native English speakers taught 16 intensive English classes in 13 provinces, training more than 3,000 English teachers from middle schools. The training has helped the teachers offer more oral practice for students. Besides, the teachers can also pass their new knowledge to other teachers and help improve English teaching in general.

Meanwhile, through financial aid from the Chinese Government and from the American Field Service's International/Intercultural Program, about 270 Chinese middle school language teachers have been sent to Britain, Australia, Canada, the United States, France, New Zealand, Japan, France, Spain and the Soviet Union to study.

By living and working with local people, those teachers have not only improved their language proficiency but have learned about local people, societies and cultures which will assist them in their teaching.

Those middle school teachers who have benefitted from the exchange programs owe their luck partly to the Chinese Education Association for International Exchanges.

The non-profitmaking, non-governmental organization, founded in 1981, has made it a goal to support reform in secondary schools by inviting foreign teachers to teach in China and sending Chinese teachers abroad.

At the same time, the association helps arrange contacts between the poorer colleges and universities in minority and remote areas and their foreign counterparts.

The association has published a directory of 700 leading colleges and universities and is working on a "who's who" in Chinese higher education entitled: "Biographic Dictionary of Chinese professors."

East Region

Fujian's Chen Guangyi Visits Veteran Comrades *OW040547 Fuzhou FUJIAN RIBAO in Chinese* 15 Feb 88 p 1

[Excerpts] On the eve of the Spring Festival, Chen Guangyi, Wang Zhaoguo, Jia Qinglin, Zhang Kehui, He Shaochuan, You Dexin, Su Changpei, and other leaders of the provincial party committee and government separately called on local veteran comrades and families of late veteran comrades in Fuzhou to wish them a happy Spring Festival, good health, and a long life. [passage omitted]

While visiting veteran comrades, leaders of the provincial party committee and government asked after each comrade's health and briefed them on the work of the provincial party committee and government in the past year and the future plan. At Comrade Wei Jinshui's residence, the revered Comrade Wei and his wife offered the guests peanuts produced in his home town in west Fujian. The provincial party committee and government leaders thanked the revered Comrade Wei for supporting Fujian's work and voiced the determination to learn from the older generation's revolutionary spirit. [passage omitted]

Leaders of the provincial party committee and government also called at ranking cadres' wards at the provincial hospital to visit the veteran comrades hospitalized there.

Jiangsu Province Increases Farm Exports *OW041304 Beijing XINHUA in English 0927 GMT* 4 Mar 88

[Text] Nanjing, March 4 (XINHUA)—Jiangsu Province earned 80 million U.S. dollars by exporting farm products and machinery last year, 20 percent more than in 1986.

Japan, the United States, Southeast Asian and European countries are the province's major importers, a local trade official said.

To facilitate grain exports, Jiangsu has added 2 grain terminals at Zhangjiagang and Nantong, respectively, each able to handle 10,000 tons a year.

Wuxi To Develop Export-Oriented Economy *OW040143 Beijing XINHUA in English 1232 GMT* 3 Mar 88

[Text] Beijing, March 3 (XINHUA)—Wuxi in Jiangsu Province wants more export-oriented enterprises and greater contacts with foreign countries to promote its economy, the city's mayor, Wang Hongmin, said at a press conference in Beijing today.

Wang said the city plans to boost the value of exports to 770 million U.S. dollars by 1990 and to three billion U.S. dollars by the year 2000.

The exports are expected to account for 21 percent of the city's gross national product by the year 1990 and 40 percent by the year 2000.

With a population of four million, Wuxi is one of the nation's top 15 urban economic centers and ranks in the top 10 in tourism.

Last year its gross industrial and agricultural output value was 27.6 billion yuan in renminbi or about 7.4 billion U.S. dollars, fifth in the country.

Wang said the city hopes to open up international markets, expand compensation trade, and engage in more businesses processing supplied materials and assembling supplied parts.

The city will establish a management center for foreign investment which will simplify procedures, act as coordinator for parties concerned and implement policies and regulations.

It will also advise on the rights of foreign-invested enterprises in matters concerning production, management, employment, and product distribution.

Shandong Party Supports Critical Reporting *HK031501 Beijing WEN ZHAI BAO in Chinese* No 494, 11 Feb 88 p 1

[Article summarized from 30 January issue of XINWEN CHUBAN BAO: "Shandong Provincial Party Committee Supports Critical Reporting"]

[Text] Since 1985, the Shandong Provincial CPC Committee has regarded the work of investigating and handling the criticisms of news report units as routine. A special organ was established and people were appointed to take charge of this work. They have taken note of all the critical reports on Shandong published by the central and provincial news units and their internal reference materials and transferred them to the relevant departments for investigation and settlement. On 8 December 1986, leading comrades of the provincial party committee heard a report and comment by the People's Broadcasting Station of Shandong entitled "The Coal Problem of Eight Secondary and Primary Schools in the Shantung District, Zaozhuang City, Has Remained Unsolved for 3 Years Running, and No One Cares That Both Teachers and Students Suffer From Frostbite." Afterwards, they immediately asked comrades in the general office of the party committee to make a call to the Zaozhuang City Party Committee, requiring them to investigate the matter and solve the problem as soon as possible. The Zaozhuang City CPC Committee and city government soon called the comrades of the relevant departments

together to study the problem. On the following day they sent 800 tons of coal to those schools. They then worked out a coal supply plan for the future.

In 1983, Dong Changlun, a peasant from Liukeng Village, Chengguan Town, Yanggu County, wrote a letter to DAZHONG RIBAO that exposed some of the problems of the local cadres. For example, when he proposed to carry out the "double-contract" responsibility system, the cadres said that he was "calumniating the excellent situation." They even reported him to the public security organ, asking that he be taken into custody. After the facts were verified through investigation, DAZHONG RIBAO published his letter in its internal reference materials. When the five secretaries and deputy secretaries of the Chengguan Town CPC Committee learned of this, they wrote a joint letter to protest against the paper. They even spread slander, saying that the reporters had taken "bribes" and not made a "realistic or faithful" investigation. Then the newspaper office submitted the investigation report and peasant's letter to Liang Buting, secretary of the provincial party committee, for examination. Comrade Liang Buting soon wrote the following instructions: "We suggest that the newspaper office make another call to the county party committee to ask them whether they have received the final proof, what their attitude is, and what measures they have adopted and to ask them to write a passage for the newspaper to publish. If they do not want to do this, the newspaper can continue its reports. This matter cannot be left hanging." With the support of the provincial party committee, DAZHONG RIBAO published a summary of Dong Changlun's letter and the reporter's investigation report on 16 May and a response to this criticism in June. The Yanggu County CPC Committee admitted that the problems pointed out by Dong Changlun and the criticism made by the newspaper were all correct. They also said that they had already apologized to Dong Changlun and compensated him for his loss.

State Council Approves Shanghai Reform Plan
OW040750 Beijing XINHUA in English 1549 GMT
4 Mar 88

[Text] Shanghai, March 3 (XINHUA)—The State Council has given the green light to a Shanghai plan for accelerating economic reforms and making the city open wider to the outside world, according to a city government spokesman today.

According to the plan, Shanghai, China's largest economic center, will set up an all-encompassing financial contract system.

Under the system, the central government will collect a fixed amount of the city's revenue each year for the next five years. The city, for its part, will assume sole responsibility for any revenue surpluses or deficits beyond the state's portion.

This means, he explained, that Shanghai will have more control over its own finances.

Shanghai submitted a development scheme December 28 last year to the State Council following inspection tours of Shanghai by Chinese Communist Party leader Zhao Ziyang and Vice-Premier Yao Yilin.

The central theme of the plan is to develop an export-oriented economy. Key projects and major enterprises will mainly use foreign funds for their development so as to make them more competitive in the international market.

Land utilization rights on a paid basis will be carried out, the financial market will be improved and regional economic cooperation will be further developed.

In reforming its foreign trade system, Shanghai will set up a foreign exchange market, and give enterprises and enterprise groups more authority over exports.

The State Council said that Shanghai is now at an important turning point in its economic development.

The fundamental way to invigorate its economy, it said, is to deepen reforms, open wider to the outside world, develop an export-oriented economy and make its products more competitive.

Shanghai Hepatitis Epidemic Under Control
OW040801 Beijing XINHUA in English 1430 GMT
3 Mar 88

[Text] Shanghai, March 3 (XINHUA)—A hepatitis epidemic that swept through Shanghai earlier this year has been basically brought under control thanks to massive publicity about hygiene.

The incidence of hepatitis a over the past two days dropped by 88.5 percent compared with the peak of the epidemic, and the first batch of patients hospitalized with the disease have been discharged, according to the Municipal Sanitation and Antiepidemic Bureau.

An official of the bureau estimated that the disease will fade away as the city has launched a massive publicity campaign to warn people about the dangers of unsanitary habits and people are now paying close attention to their food and individual hygiene.

Yao Guangbi, vice-president of the Shanghai branch of the Chinese Medical Association and an expert on hepatitis, said a hepatitis A patient can recover his or her health within two months after taking proper medicine and rest.

Central-South Region

Guangdong's Lin on Housing Commercialization *HK031524 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 2 Mar 88*

[Text] During his inspection yesterday afternoon of Shantou City construction work Lin Ruo, secretary of the provincial party committee, stressed: Our housing reform will inevitably result in housing commercialization. We must emancipate the mind, and speed up work in this regard.

While inspecting the Shantou City project to rebuild dangerous houses in the (Gongyuan) district, Comrade Lin Ruo said: Having the masses raise funds on their own for rebuilding old urban residential districts is a very good method which should be actively popularized.

The (Dongsha) residential district under construction is the largest urban residential district in Shantou City, with a construction area totaling 750,000 square meters. The district will have a total of 15,000 housing units which can help nearly 60,000 residents from the old residential district solve their housing problems.

During his inspection tour of the (Dongsha) residential district Comrade Lin Ruo said: In solving urban residents' housing problems there must be a gradual transition from the stage of receiving state and units' subsidies to the stage of housing commercialization.

Comrade Lin Ruo also noted: In rebuilding old urban residential districts we must not only build houses but also build relevant schools, markets, shops, and places for cultural activities.

Guangdong Vice Governor on Foreign Trade Reform *HK031220 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 29 Feb 88*

[Text] Yesterday, at a provincial conference on foreign economic relations and trade, Vice Governor Yu Fei said: Two of the important tasks for the pilot project of comprehensive reforms in Guangdong Province are: To take export-oriented economy as the guide, and to accelerate modernization of social economy. The main method for conducting reform of the foreign trade structure is to implement the contracted responsibility system. The foreign economic relations and trade front must become the leaders in developing the province's national economy.

On reform of the foreign trade structure Yu Fei pointed out: The core of the reform is to implement the contracted responsibility system. This system must be introduced to foreign trade enterprises at all levels. Foreign trade enterprises of all types in the province must:

Coordinate with one another in fulfilling the task of exporting their products to earn foreign exchange, exercise centralized management, and selectively export good products.

Yu Fei said: Foreign economic relations and trade departments must actively engage in and support production, and establish various lateral ties with production departments. They must take commodities as the leader and the international market as the guide, improve the structure of export commodities, and establish and form an export system.

Guangdong Conference on Finance, Commerce *HK031158 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 29 Feb 88*

[Text] A provincial conference of prefectural and city finance and commerce office directors concluded yesterday. The conference demanded that the province make new breakthroughs in deepening reform of the circulation system and in perfecting the market mechanism and further stabilize urban and rural commodity markets this year.

In conducting this year's financial and commercial work, the province must further expand the scope of market regulation and readjust policies on the sale and purchase of some agricultural and sideline products, so as to further straighten out various price relationships. While further relaxing control over prices and enlivening the economy, the province will accordingly strengthen management. Efforts should be made by us to ensure the fulfillment of the task concerning the planned management of (words indistinct) and the products part of which should be submitted to the higher authorities for distribution.

As for commodities in short supply, we must limit the difference between the sale prices of some and the gross profit rate of others. Efforts should be made to ensure the supply of important commodities where the national economy, the people's livelihood, and the means of agricultural production are concerned. We must ensure that agricultural and sideline products can be purchased without coupons or restriction of quantity and that there is more product variety.

Private Banks Thrive in Guangzhou *OW030826 Beijing XINHUA in English 0801 GMT 3 Mar 88*

[Text] Beijing, March 3 (XINHUA)—Non-governmental credit-cooperatives are doing a booming business in Guangzhou, capital of Guangdong Province.

And they are becoming indispensable to supporting government-run banks, PEOPLE'S DAILY reported today.

The 11 non-governmental banks in the city have deposits of 70 million yuan and have extended loans worth 50 million yuan as well as inter-bank loans of four million yuan since they were launched in October 1986, the paper said.

Serving mainly collectively-owned enterprises and private businesses, the banks are open longer and offer more efficient service than government banks.

The paper reported that it only takes one or two days to process a loan application.

Shenzhen Opens Economic Complaint Office
*OW041223 Beijing XINHUA in English 0147 GMT
4 Mar 88*

[Text] Shenzhen, March 4 (XINHUA)—China's first office for receiving complaints of economic malpractices has just been set up in Guangdong Province's Shenzhen Special Economic Zone to provide local residents with the means of supervising government employees.

The office has sub-offices in the city's five districts and Baoan County.

They will handle claims concerning corruption, bribery, misappropriation of public funds, tax evasion, dereliction of duty, betrayal of state secret, illegal detention, frame-ups and damage to the mails, and other malpractices.

Tian Jiyun Inspects Guangxi Sugar Production
*HK031520 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 2 Mar 88*

[Excerpts] Station reporter Huang Zhisheng covered a regional professional conference on cane sugar production which concluded yesterday. According to Huang's report, since the State Council's decision to regard Guangxi as the national sugar production base, our autonomous regional government has firmly seized this good opportunity and adopted effective measures to speed up cane sugar production.

Over the past few years our region's cane sugar production has made sustained and mighty advances. As a result, leaders from the central authorities and the State Council have attached major importance and paid a good deal of attention to the development of our cane sugar production. During his recent inspection tour of our region Vice Premier Tian Jiyun issued a directive on the development of cane sugar production in our region.

Following the investigation of the potential and prospects for developing cane sugar production in our region made by a State Planning Commission work team, it was decided that our region should be built into the key national sugar production base. Our region has been

asked to make further mighty advances in sugar production within 3 to 5 years. Our region has also been asked to produce 2 million tons of sugar in 1992. [passage omitted]

Our autonomous regional people's government has adopted five new measures to promote sugar production.

First, we must speed up the building of sugar refineries so that our ability to press sugar cane can suit the needs of the development of cane sugar production. From now until 1991 a total of 20 new sugar refineries will be built, and a total of 62 sugar refineries will be expanded, with the purpose of turning our current ability to press 90,000 tons of sugar cane a day into an ability to press 180,000 tons a day.

Second, we must energetically develop sugarcane production. [passage omitted]

Third, we must establish contracted cane sugar production responsibility systems at all levels.

Fourth, we must energetically develop comprehensive utilization of bagasse. [passage omitted]

Fifth, we must strengthen scientific and technical work. [passage omitted]

Guangxi Circular on Purchases, Expenses
*HK031304 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 1 Mar 88*

[Excerpts] With regard to implementing the State Council's urgent circular on strictly controlling institutional purchases and cutting down expenses, the general offices of the autonomous regional party committee and regional people's government recently issued a joint circular. The circular makes six concrete demands on all areas and regional departments.

First, it is imperative to strictly control institutional purchases. There should be a 1-year suspension in examining and approving applications of party and government organs and institutions purchasing of the 19 types of restricted commodities. It is also imperative to strictly control institutional purchases of unrestricted commodities.

Second, departments responsible for formulating plans for the use of vehicles under governments at all levels must organize relevant units to redefine entitlement qualifications for provision of vehicles. [passage omitted]

Third, it is imperative to cut down expenses. We must strictly implement the bonus system formulated by the state. [passage omitted]

Fourth, all tours that are made at public expense are forbidden under any pretext. All tours organized for veteran cadres this year are suspended.

Fifth, it is imperative to energetically cut meetings to a minimum and to reduce expenditure on meetings. [passage omitted]

Sixth, in giving receptions it is imperative to ensure that they are warm, inexpensive, and satisfactorily arranged. [passage omitted]

Guangxi Meeting Studies Document, Zhao Speech
HK040221 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 3 Mar 88

[Text] The Guangxi Regional CPC Committee held a Standing Committee meeting from 25 to 27 February. Participants came to seriously study this year's Central Document No 1 and Comrade Zhao Ziyang's speech given at a forum of responsible comrades from all provinces, municipalities, and autonomous regions. The meeting summed up and analyzed Guangxi's economic situation in 1987 and discussed measures for implementing in depth the guidelines of the 13th National Party Congress, speeding up the pace of reform and opening up, and ensuring sustained and steady economic development.

The chairman of the regional Advisory Commission, the chairman of the regional People's Congress Standing Committee, vice chairmen of the regional government, and the secretary of the regional Discipline Inspection Commission attended the meeting as observers.

The meeting held: This year's Central Document No 1 and Comrade Zhao Ziyang's speech have explicitly pointed out the strategic measures for further stabilizing the economy and further deepening the reform. They fully embody the basic guidelines in the 13th National Party Congress report. We must seriously study and profoundly appreciate the spirit of the document, further emancipate our minds, unify our understanding, strengthen faith in reform and opening up, and establish a sense of responsibility and of urgency. We must seize the favorable opportunity to speed up the pace of reform and opening up and act with still greater boldness to bring about new developments in the region's economy.

Summing up and analyzing the region's current economic situation, the meeting held that Guangxi achieved relatively all-round development in economic construction in 1987, which could be described as outstandingly successful. Compared with 1986, industrial and agricultural output value rose by 11.96 percent, and financial revenue rose by 17.7 percent. These growth rates were slightly above the national average.

The meeting pointed out in a truth-seeking way the current difficulties and problems in the region. The most conspicuous one is the big rise in prices, which has

affected the daily life of some of the masses. Second, there is an energy shortage and a serious shortfall in electric power, which constrains industrial production to a relatively great degree. Third, there is an outstanding contradiction between high population and little arable land in Guangxi. The region's economy and culture are still very backward. There is a big discrepancy in average gross national product per capita compared with advanced provinces and regions; quite a long time will be needed to catch up. Fourth, compared with other coastal regions, our minds are not so emancipated, and our consciousness of reform and opening up is not so strong. Certain measures for forming a complete set of reforms have failed to keep up with requirements.

The meeting focused on discussing the problems of economic stability and development, prices, and economic development strategy for the coastal regions. It stressed that Guangxi must maintain a relatively high economic growth rate under the premise of attaching importance to economic returns and making steady and coordinated progress. The crux to solving the price problem lies in solving the food problem. The key lies in acting according to the law of value. We must also adopt effective measures to develop agricultural production.

The meeting held that the central authorities' strategy on developing export-oriented economy in the coastal regions is an overall strategy related to the entire national economy. It is a major plan of far reaching significance. As a coastal region, Guangxi must seize the opportunity to seriously organize implementation of the economic development strategy for the coastal regions.

At present, we must mobilize the forces of all quarters to formulate as soon as possible an implementation scheme suited to the region's realities. We must resolutely and promptly carry out reforms of the foreign trade setup. We must also adopt favored treatment policies and improve the investment climate in order to develop enterprises with three capital sources. We should speed up enterprise technological transformation in the five cities and in southeastern Guangxi, develop labor-intensive industries mainly aimed at the export market, and establish export commodity bases.

The meeting stressed that it is essential to devote great effort to grasping agricultural production and strive for an all-round bumper harvest this year on the basis of the all-round increase in production last year.

The meeting also put forward views on continuing to vigorously promote the enterprise contracted management responsibility system, deepening economic structural reforms, actively and cautiously carrying out price reforms, straightening out non-staple food prices, and on reforms in science and technology, culture, education, public health, and the housing system. The meeting also called for efforts in actively and steadily carrying out political structural reform. It is first necessary to do a good job in separating party and government functions.

Xu Shijie Discusses Hainan Island Construction
HK031320 Haikou Hainan Island Service
in Mandarin 1100 GMT 1 Mar 88

[Excerpts] A 5-day enlarged meeting of city and county party committee secretaries throughout Hainan Island concluded satisfactorily this morning in Haikou.

Attending the closing ceremony of the meeting were Xu Shijie, secretary of the Hainan CPC Committee for Establishing Hainan Province; Liang Xiang, (Liu Jianfeng), and Yao Wenxu, deputy secretaries of the Hainan CPC Committee for Establishing Hainan Province; as well as (Bao Keming), (Miao Enlu), (Ding Yuexiang), (Wang Yuefeng), and (Liu Weinan). Standing Committee members of the Hainan CPC Committee for Establishing Hainan Province. Xu Shijie made a summary of the meeting, and Liang Xiang and (Liu Jianfeng) delivered speeches.

In his summary Xu Shijie noted: Comrades attending this meeting have conscientiously studied and unanimously supported the CPC Central Committee's decision to set up the Hainan CPC Committee for Establishing Hainan Province. [passage omitted]

In his summary, Comrade Xu Shijie discussed eight important points.

First, we have now shifted from the preparatory stage to the stage where work should be carried out in an all-around way. Since the establishment of the preparatory group for establishing Hainan Province in September last year, the group's work has been going on smoothly and the group has achieved relatively great successes. [passage omitted]

Second, we must overcome obstructions, seek unity of thinking, and unite to wage struggles. Due to the fact that the policy on opening up Hainan to the outside world has been implemented relatively fast, and also because Hainan has a poor foundation to start with, some areas and individuals in Hainan have temporarily failed to suit the needs of the developing situation, thus nursing grievances. Some people have even seized on mistakes and shortcomings in the process of opening up and reform to gossip about them in private and to start rumors. Therefore, we must further study, deepen our understanding, achieve unanimity, strengthen unity, and (?accumulate) forces for promoting Hainan construction.

Third, we must coordinate all the activities of Hainan like pieces in a chess game, simplify the administrative structure, transfer power to lower levels, and have all levels firmly grasp their own key projects. [passage omitted]

Fourth, we must [words indistinct] give full play to subjective initiative and successfully carry out key projects. [passage omitted]

Fifth, we must form an integrated system for procurement of supplies and production and marketing, and develop large-scale agriculture. As far as the whole island is concerned, agriculture will remain Hainan's key task for a relatively long time to come. Agriculture is the foundation which enables Hainan to promote construction and economic reinvigoration and to advance with big strides. [passage omitted]

Sixth, our farms must promote multipurpose economic undertakings. Our staff members' and workers' household farms must engage in producing seasonal products. [passage omitted]

Seventh, we must promote reform to enliven enterprises. Many of our existing enterprises are in the red. We must use the central preferential policies to enliven enterprises. We must ensure separation of our enterprises' ownership and management. Only by realizing this separation can we mobilize enthusiasm and promote enterprise management. [passage omitted]

Eighth, our policy restriction must be relaxed, our economy must be reinvigorated, our cadres must be honest in performing their official duties, and our public security must be promoted. [passage omitted]

Overseas Experts Help Develop Hainan
OW041347 Beijing XINHUA in English 0136 GMT
4 Mar. 88

[Text] Haikou, March 4 (XINHUA)—More than 300 overseas experts have been invited to Hainan in the past three years to help speed up the development of this, China's largest island.

Most of the experts have hailed from Australia, Britain, Japan, the United States and the regions of Hong Kong and Macao. For the most part, they either contract production projects, train Chinese technicians and workers or guide local enterprises in tackling key technical problems, said a local government official.

One project has involved the breeding of a fish called the grouper for food production in Lingshui County. Up until 1985, the local people had largely been unable to tap this rich resource.

A grouper-breeding expert from Hong Kong helped the region build a fishing ground which produces 400 tons of grouper annually. So far, 120 local households are engaging in grouper breeding.

Experts from Singapore and Japan helped an aluminium foil factory in Wenchang County to raise the quality of its previously substandard products.

Other foreign experts to the region have trained over 1,000 technicians in the fields of textiles, aquaculture, tropical crop breeding and computers.

The official described state-of-the-art foreign equipment as "hardware", technology as "software" and foreign experts as "walking-ware", all helping to produce significant economic results.

The island will adopt more preferential terms in the future to attract more foreign experts.

Henan Radio Urges Easing Peasants' Burdens
*HK040437 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 3 Mar 88*

[News center commentator's article: "Take Effective Measures To Ease the Peasants' Burdens"]

[Text] Survey data recently provided by the provincial rural survey team indicates that the peasants' burdens have grown instead of easing in some places in recent years, and the peasants are crying loudly about this. They universally report that people have to pay charges and fees for hydroelectricity, crop protection, livestock anti-epidemiology, technological services, and so on whether they benefit from them or not. Some units exact fees without providing services, the peasants paying money without any benefit. Some units forcibly deduct sums from the peasants for insurance purposes. It even happens that the number of items for which deductions are made and the total sum of such deductions are on the increase. In addition, management of the funds deducted in such a fashion is chaotic, accounts are unclear, and the money is spent in an indiscriminate way. All deductions for the year are made simultaneously in the summer, and most of them are handled by grain management centers. The peasants say: We have worked so hard all year, and now we receive no money for selling our grain.

In recent years the CPC Central Committee, the State Council, and the provincial party committee and government have repeatedly stated that it is imperative to prohibit all irrational charges and fees and tangibly reduce the peasants' burdens. However, why is it impossible for these burdens to be eased? Why are they even being increased? In a nutshell, the main reason is that upper-level departments in charge do their work in a generalized way, treating all cases the same way irrespective of actual conditions. Certain township and village cadres are eager for instant success and immediate benefit. There is a lack of an effective supervisory organ to deal with the problem of peasants' burdens, and so on.

Leaders at all levels should fully realize that excessive burdens on the peasants not only affect cadre-masses and party-masses relations but will also have a direct impact on the rural reforms and social stability. We must certainly not simply regard this as a problem related to the peasants' living standards. How can the peasants' enthusiasm for production not be damaged if, after working hard for a whole year, their income does not increase and even declines?

At present and for some time to come, most investment in agriculture has to come from accumulation in agriculture itself; only a small portion can be provided by the state. How can more investment be made available for agriculture if the peasants' burdens are not eased and their own domestic expenditure is so tight? Expanded reproduction is out of the question if investment declines. In this way the rural economy could hardly keep up sustained and steady development.

Frankly, the peasants are happy to accept reasonable and beneficial burdens. The problem is that in some places the burden exceeds what the peasants can endure. In the past 3 years, the average per-capita burden of the peasants has risen at an annual rate of over 20 percent, far exceeding the 7.5 annual growth in peasant incomes. Leaders at all levels must seriously study and resolve this issue.

The fundamental way of resolving the problem lies in developing the productive forces and commodity production. In particular, we must pay attention to developing collective township and town enterprises and follow the path of subsidizing agriculture with industry. Collectively-raised production funds allocated for special purposes must be used for those purposes. Those who put up the money should benefit thereby, and we should refrain from imposing a uniform levy on everyone. The annual deductions must be made in line with the principle of living within our means and must be spent properly, with the accounts made public. Areas where secondary and tertiary industries are undeveloped can reduce direct deductions from the peasants as far as possible by readjusting the reserve funds and so on.

Hubei Leader on Deepening Enterprise Reform
*HK041037 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 3 Mar 88*

[Excerpts] More than 10 theorists from the provincial academy of social sciences, Wuhan University, and the Huazhong Teachers' University yesterday morning held a dialogue with entrepreneurs from the Wuhan Shipping Industry Company, the Wuhan Iron and Steel Company, the Changjiang Shipping Company, and the (?Wuhan Heavy Industry Company). They discussed the separation of party and government functions.

After listening to the opinions expressed by participants in the dialogue, Guan Guangfu, secretary of the provincial party committee, said: Our entrepreneurs, theorists, and leaders at all levels are currently faced with two important tasks. These tasks are, namely, further solving problems regarding the separation of party and government functions within enterprises, and further deepening enterprise reform. To separate party and government functions within enterprises, we must take responsibility for doing our own jobs well, stand together through thick and thin, and strive for coexistence and common prosperity.

Guan Guangfu added: To study and solve problems in separating the functions of the party and government within enterprises, it is imperative to go through, once again, the process of understanding three issues.

First, it is imperative to correctly understand the attributes of enterprises. [passage omitted]

Second, it is imperative to correctly understand changes in the party leadership patterns under the new situation. The old leadership patterns no longer suit the needs of the current situation. We must improve party leadership patterns in accordance with the demand on building socialism with Chinese characteristics. The most important point in this regard is that we must turn the party's line and its general and specific policies into the will of the state through legal procedure.

Third, the separation of the functions of the party and the government must be carried out according to law. [passage omitted]

Taking part in the dialogue were Xu Penghang, vice governor of the provincial people's government, and leading comrades from the relevant departments under the provincial party committee and provincial government.

Hubei Meeting on Agricultural Tasks, Problems
HK031430 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 1 Mar 88

[Text] A provincial work conference on agriculture and animal husbandry concluded yesterday in Wuchang. The conference's themes were to: Clearly understand the situation, keep a clear head, deepen reform, and to make further advances.

Han Nanpeng, vice governor of the provincial people's government, attended and addressed the conference.

Comrades attending the conference noted: In the past year, despite various natural calamities and difficulties, our province's agricultural production achieved steady growth. However, our province's agricultural development is faced with many new conditions and problems. These major new conditions and problems are: The growth rates of agricultural products such as grain have been slow; demand exceeds supply, comparative economic returns from agriculture have been low, the reserve strength of agriculture has been insufficient, the prices of agricultural production materials have been getting out of control, the reduced scissors difference between industrial and agricultural products has been expanded once again, the population has increased, the reduction in cultivated area is continuing, and some people have noble theoretical thoughts on agriculture but they have failed to truly treat agriculture as the foundation in the process of carrying out concrete work.

The conference noted: Despite the current grim situation in our agricultural development, we can achieve steady development of agricultural production as long as we clearly understand the situation, go all out to fight, and take the initiative. This means that we must carry out the following tasks.

First, we must continue to regard implementation of major policies, creation of a fine environment, implementation of all preferential policies, readjustment of beneficial relations between the state and the peasants, and safeguarding the peasants' enthusiasm for production as our fundamental guiding principles for developing agricultural production. We must ensure implementation of these principles from beginning to end.

Second, we must give prominence to the three key points, namely: grain, cotton, and pigs. We must pay special attention to implementing the key and major technical measures. At the same time, we must also pay special attention to implementing conventional technical measures to give full play to the overall returns from agricultural science and technology.

Third, we must establish the viewpoint of large-scale agriculture, devote a lot of time and energy to overall agricultural development and comprehensive utilization of land resources, and gradually improve the internal agricultural structure of our province.

Fourth, we must suit the needs of the new situation of rural commodity economy development, actively strive for state investments, make great efforts to import and use foreign capital, mobilize the enthusiasm of local areas for fundraising on their own, and continue to promote the building of commodity production bases.

The conference stressed: The key to seizing the initiative in winning yearly bumper agricultural harvests lies in promoting spring sowing and spring irrigation. Agricultural departments at all levels must stand fast at their posts, conscientiously fulfill their duties, do well in giving technical guidance and providing services, and successfully fight the first battle of this year's agricultural production.

Hubei Circular on Chemical Fertilizer Supply
HK031112 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 29 Feb 88

[Text] The provincial people's government recently issued a circular. It demanded that all localities step up management and business operations over chemical fertilizers, uphold a normal supply in chemical fertilizer markets, and maintain basic stability in chemical fertilizer prices.

The circular pointed out: Chemical fertilizers for agricultural use must be operated by agricultural production means departments of supply and marketing cooperatives in a unified way. Other departments and individuals are not permitted to have a hand in the business operation of chemical fertilizers. As for chemical fertilizers which factories are permitted to sell in accordance with relevant regulations, except for that portion which is sold directly to peasants and production units, the remainder portion should be procured by agricultural production means departments of supply and marketing cooperatives in a unified way.

It is necessary to strictly adhere to chemical fertilizer prices set by provincial authorities. No localities and departments are allowed to go beyond the limits of authority to increase chemical fertilizer prices arbitrarily. In principle, chemical fertilizers produced by local factories should be produced, supplied, and used in the same area. Locally produced chemical fertilizers in all counties and cities must first be used in local agricultural production. The surplus portion may be procured by agricultural production means departments of prefectural and city supply and marketing cooperatives in a unified way, and then sold to units within the area which need chemical fertilizers. The remaining portion will be procured by the provincial agricultural production means company in a unified way and then sold to units within the province which need chemical fertilizers.

The circular clearly stipulates that it is prohibited to sell chemical fertilizers to areas and units outside the province.

Southwest Region

Leading Xizang Nationalist's Death Confirmed
HK041140 Hong Kong AFP in English 1127 GMT
4 Mar 88

[Text] Lhasa, March 4 (AFP)—Tibet's regional government confirmed Friday that Lobsang Wangchuk, the best-known Tibetan political prisoner, died in detention last year.

"Lobsang Wangchuk died last November of liver cancer," said Gyamco, a vice chairman of the Tibet Autonomous Regional People's Government, in an interview with foreign reporters here.

Lobsang Wangchuk, 74, an advocate of Tibetan independence from Chinese rule, had been adopted as a "prisoner of conscience" by the human rights group Amnesty International.

Tibetans in exile announced his death on November 21 in New Delhi, but their statement was denied the following day by a government spokesman in Lhasa who said it was "completely false."

Official Comments on Death

OW041636 Beijing XINHUA in English 1609 GMT
4 Mar 88

[Text] Lhasa, March 4 (XINHUA)—A Tibetan leader today promised that the government of the autonomous region will go on implementing the policy of guaranteeing religious freedom.

Gyamco, vice-chairman of the regional people's government, in an interview with journalists from AFP and THE LOS ANGELES TIMES, said that the policy of allowing religious freedom remains unchanged despite the riot that occurred last year.

The riot has had no impact at all on the policy, which has remained and will remain unchanged. "On the contrary it will be more effectively implemented," he said.

Tibet has not shut its doors to the outside world as there are still over 100 foreign tourists and mountaineers in Tibet. And "more are expected to come in summer," he said.

When asked whether the success of the grand summons ceremony indicates political failure for a handful of splittists, the vice-chairman said the ceremony has been progressing properly as security work has been enforced to protect lamas and laymen.

Asked whether the riot, aside from outside instigation, resulted from the "laissez-faire" policy implemented previously in Tibet, Gyamco said the [word indistinct] was plotted by a handful of splittists both inside and out of the country.

[Words indistinct] also admitted that there did exist some errors in the work of the local government. "But since 1978 we have been redressing the wrongs and will continue to redress them so as to better implement the government's religious policies."

When asked about a lama named "Lobsang Wangchuk", Gyamco said that (words indistinct) joined in a plot to split the country by participating in the rebellion in 1959 and was sentenced to ten years in prison in 1960.

Later he was set free and employed. However, he renewed his splittist activities by distributing leaflets advocating the independence of Tibet and was sentenced to another three-year term of imprisonment, the vice-chairman said.

His term in prison was extended for another 18 years while he was still in jail because he continued to advocate an independent Tibet. He died of lung cancer last year, the vice-chairman said.

"In the People's Republic of China citizens can freely air their views. But advocating independence for any part of the nation is a crime as it transgresses the country's Constitution and the criminal law," he said.

When asked whether a possible meeting between the Banchen and Dalai Lamas would be a good thing, Gyamco gave a positive answer: "We welcome the Dalai Lama to return to the country. But the sooner, the better."

Police 'Out in Force' at Xizang Festival
*HK040901 Hong Kong AFP in English 0740 GMT
4 Mar 88*

[By Patrick Lescot]

[Text] Lhasa, March 4 (AFP)—Chinese police turned out in force here Friday to prevent disturbances by an estimated 20,000 Tibetans attending the closing ceremonies of Tibet's major religious festival.

Security officials decided at a meeting Thursday to strengthen police deployment in a bid to prevent any incidents during the final ceremonies of the Great Prayer Festival, an informed Chinese source said.

Chinese sources also said the ethnic Chinese community, which accounts for some 60 per cent of Lhasa's usual population of 150,000, had been advised to stay at home Thursday evening.

Lhasa has been crowded with thousands of Tibetan pilgrims coming from all over the huge Himalayan territory to take part in their religion's most important festival, which started on February 24.

Hundreds of Chinese police who had kept a low profile since the festival started, began arriving by truck in the streets of the Tibetan capital Thursday afternoon.

Up to 2,000 policemen blocked off all access to the city's central square, where thousands of Buddhist pilgrims circled the Jokhang Temple in prayer.

Police had emptied the square by 7:00 p.m. and armed riot squad units set up barricades to keep the faithful out, witnesses said.

The evacuation went off without incident, but there were some tense moments as thousands of Tibetan pilgrims moved past the ranks of mostly young and clearly nervous Chinese police.

The heavy police turnout aimed at preventing a recurrence of the demonstrations that broke out here last autumn. On October 1, an anti-Chinese protest degenerated into a riot that ended after police opened fire, killing at least six and possibly as many as 13 people.

Several monks and pilgrims expressed anger and concern at the strong police presence. "It is very dangerous, it could provoke young people," a monk said.

A monk was arrested in front of Jokhang Temple Thursday after he made a speech calling for Tibetan independence from China, several witnesses said.

The monk came from the nearby Drepung Monastery, Tibetan sources said, but Chinese authorities questioned Friday said they had heard nothing of such an incident.

Later Thursday, the pilgrims were allowed to return to Jokhang after some 2,000 Tibetan youths broke through a cordon of plainclothes police and rushed towards the temple to pray.

By midnight, any earlier tension appeared to have disappeared and a crowd of more than 20,000 circled Jokhang, spinning traditional prayer wheels and gazing at four coloured frescoes made of yak butter by novice monks of the Ganden, Sera, and Jokhang Monasteries.

In alleyways around the temple, a group of uniformed Chinese police drew deeply on cigarettes or jumped up and down to keep warm.

Another group of smiling policemen took snaps in Lhasa's central square as pilgrims strolled around them in the chilly night air.

An official Chinese source said no incidents had been reported after midnight.

"Everything is in order," he said.

Traditional Lamp Festival Observed in Lhasa
*OW041115 Beijing XINHUA in English 1653 GMT
3 Mar 88*

[Text] Lhasa, March 3 (XINHUA)—Thousands of lamas and laymen gathered in the square in front of the Jokhang Monastery this evening to observe the lamp festival.

Traditionally observed on the 15th day of the first month of the Tibetan calendar, the festival is also part of the on-going summons ceremony and the Tibetan New Year celebrations.

The square was decorated with tower-like offerings made out of yak butter, all lit up by ten searchlights.

The tallest was as high as a four-story building and had two golden and two silver dragons, also made out of yak butter, on each side.

Over 1,000 lamps were lit on the ceremonial tables and 100 lamas prayed in unison. Butter towers were also standing on the north, south and east sides of the monastery.

A senior lama from the Sera Monastery said that [words indistinct] disciples spent 29 days and used 145 kg of butter to make the offerings that stood in front of his monastery.

Dozens of farmers from the suburbs of this capital of the Tibet Autonomous Region danced and sang in the square and the audience included over 100 tourists from the United States, Japan, Switzerland, France, Hong Kong and Macao.

Banqen Conducts Inspection Tour of Xizang
HK041051 Hong Kong LIAOWANG OVERSEAS
EDITION
in Chinese No 8-9, 29 Feb 88 pp 6-7

[Article by Qun Sang (5028 2718): "NPC Standing Committee Vice Chairman Banqen Points Out: The Future of Tibet Is Infinitely Bright"]

[Text] Upon recently concluding his inspection in Tibet, NPC Standing Committee Vice Chairman Banqen pointed out: My two predetermined tasks have been successfully completed. I believe that no one can stop the wheel of Tibet from advancing and the future of Tibet is infinitely bright.

On 11 January, Banqen Erdini Qoigyi Gyancan, NPC Standing Committee vice chairman and honorary president of the Buddhist Association of China, went to Tibet to inspect work there. He said: I come to Tibet this time mainly for two reasons: 1) To help the autonomous region make good preparations for the Lhasa prayer ceremony in the Year of the Earth Dragon in the Tibetan calendar; 2) To understand the situation in Tibet and to study some problems so as to put forward to the central authorities suggestions aimed at the faster development and enhancement of the construction cause and of the people's living standards in Tibet on the present foundation.

When NPC Vice Chairman Banqen was inspecting places, including Lhasa and Xigaze, the lamas and the religious masses devoutly and warmly welcomed him, holding hadas, putting their palms together, and saying prayers. NPC Vice Chairman Banqen had extensive contacts with the lamas of all the big lamaseries including those in Lhasa, Xigaze, and Gyangze. Through his recorded speech, he taught the lamas to take the road of loving their country and religion. He also listened to reports made by departments including the Tibet autonomous regional government, People's Congress, CPPCC Committee, and Buddhist Association.

During the inspection, Great Master Banqen learned that the lamas of all lamaseries had shown great concern regarding how to make a success of the Lhasa prayer ceremony this year. He said that we all knew that the Lhasa prayer ceremony had gradually developed into an important Tibetan mass traditional religious activity over the past several hundred years since it was first

conducted by Zong Kaba, founder of the yellow sect of Lamaism. However, in the past, under the influence of the ultraleftist trend of thought, this activity was suspended for 20 years. Since the prayer ceremony was resumed in 1986, it has been warmly supported by the Tibetan people in provinces and regions including Tibet, Qinghai, Gansu, and Sichuan. Although incidents of disturbances deliberately created by a small number of splittists at home and abroad occurred in Lhasa last year, Tibet is, on the whole, stable, and the lamas and people live and work in peace and contentment.

NPC Vice Chairman Banqen said that, politically speaking, the party's policy of freedom of religious belief was a real and firm basic policy and not an expedient measure. He said it would not change because a small number of people created a small disturbance. Religiously speaking, in the period of the Lhasa prayer ceremony, if we do good, it means that we do much more good; if we do evil, it means that we do much more evil. Considered politically or religiously, making a success of this year's prayer ceremony is, therefore, extremely important. We have made all preparations for the complete success of the Lhasa prayer ceremony.

During the inspection, NPC Vice Chairman Banqen returned to the Gandan Lamastery the valuable helmet used by Emperor Qianlong, and which was taken care of by the regional Department of Cultural Relics during the "Cultural Revolution." He also returned the gold-character "Danzhuer" Tripitaka [the complete collection of Buddhist sutras] borrowed by the Beijing Nationality Cultural Palace in 1960. Financial compensation for the property of three large Tibetan lamaseries which was confiscated during the "Cultural Revolution" was also paid at this time. At the same time, the problem of nonstaple food subsidies for some lamas and nuns living in the lamaseries who had registered permanent residence in urban areas and the problem of old lamas' and nuns' livelihood were also rationally and properly solved according to the relevant policies.

While Great Master Banqen was carrying out the inspection, he advised the lamas that the aim of Buddhism was to save all living creatures and to relieve this human world of all calamities so that all people could live in harmony and in peace and happiness. To achieve this aim, we swear from the day we become lamas: Whatever we do throughout our lives, we cannot violate the canons of Buddhism, and must act as good disciples of Sakya-muni. Last year, a small number of lamas violated these canons and participated in disturbances, and this is something the canons of Buddhism do not permit. According to the religious doctrine: "All living creatures should live in peace and happiness on the beautiful land of their country," advocated by Buddhism, we must abide by the canons of Buddhism and the law of our country so as to make every lama become a good disciple who loves his country and his religion.

During the inspection, NPC Vice Chairman Banqen emphatically pointed out many times that over the past few years, all aspects of work in Tibet had greatly developed. This was a result of the fact that we lived in the large family of our motherland. If we left this large family and did otherwise, Tibet would have no way out. A small number of splittists at home and abroad are now shouting aloud for the "independence of Tibet." This runs counter to the basic interests of the people of all nationalities throughout our country, including the Tibetan people. Tibet is an inseparable part of our motherland, and the Tibetan people are members of the large family of our motherland. All who have general historical knowledge and who seek truth from facts admit this historical fact. If we talk about the "independence" of Tibet out of our own political interests and in contradiction of history, we deliberately split our motherland for the private gain of a small number of people. This is abominable and extremely irresponsible behavior. That is a fact. In September and October last year, in collusion with one another, a small number of splittists at home and abroad created two incidents of disturbance, which occurred in a small area of Lhasa only. The situation in Tibet was, as a whole, actually very stable. The peasants, herdsmen, urban residents, and lamas not only did not participate in the incidents of disturbance, but also opposed such disturbances. As they said, all principles and policies now implemented by the central authorities in Tibet conform to the desires of the Tibetan people. People should respect history and also the facts. They treasure their hard-won happy life and the situation of stability and unity and oppose the slogan of "independence."

NPC Vice Chairman Banqen pointed out: Since the peaceful liberation of Tibet, particularly since the 3d Plenary Session of the 11th CPC Central Committee, very good achievements have been scored in all aspects of work. The people's living standards have been remarkably improved and enhanced. This is obvious to all. We were unable to score such achievements without all the correct principles and policies implemented by the central authorities in Tibet. On the other hand, under the guidance of incorrect "leftist" ideology for some 20 years, we did some things which we should not have done. These problems are problems in the course of advancement. I come to Tibet to inspect this time because I want to listen extensively to the views and demands of the people of all quarters and of the masses. I will pass these views and demands to the CPC Central Committee for reference. In this way, all principles and policies toward Tibet formulated by the central authorities in the future can conform more to the realities of Tibet and all items of construction in Tibet can develop faster. He hoped that the people of all nationalities in Tibet would continuously hold aloft the banner of loving their country, of unity, and of making progress, unswervingly uphold the unification of their motherland, and step up nationality solidarity. We must know that Tibet's construction in the political, economic, and cultural aspects and in other aspects cannot develop without the

support of the central authorities and the people of all nationalities throughout our country. This has been proved by the history of the development of Tibet.

During the 1-month inspection, NPC Vice Chairman Banqen put forward the orientation for the future development of the Tibet work to the regional leaders and the people of all nationalities of Tibet. He pointed out that the regional autonomy of minority nationalities was a basic policy formulated by the CPC on the basis of linking Marxist-Leninist theory on nationalities with the problems of the nationalities in China to solve those problems. Over the past 30 years and more, thanks to our correct implementation of this policy, all nationalities in Tibet have established the idea of not being divorced from one another. Under the leadership of the CPC Central Committee, we must implement the policy and the law on regional autonomy of minority nationalities in the large family of our motherland in a down-to-earth manner in the future. We must really solve existing problems in regional autonomy of minority nationalities so that our system of regional autonomy of minority nationalities can conform more to the realities of Tibet. Solving such problems would also allow us to really solve all problems in the course of work and construction in Tibet according to the characteristics of the Tibet region, push our Tibet work and construction forward, and play a necessary important part in safeguarding the unification of our motherland, stepping up nationality solidarity, and opposing splitting.

He also pointed out that as far as Tibet itself was concerned, compared with several years ago or some years earlier, its construction had developed very greatly. However, at the same time, we must see that the discrepancies between Tibet and advanced places in the economic and cultural aspects and in other aspects are still very big and that our development is very limited. Under the guidance of the theory of the initial stage of socialism, we must make great efforts in economic, cultural, and construction aspects. So long as the cadres and people of all nationalities throughout our region hold high the banner of loving their country, of unity, and of making progress, make concerted efforts, and go all out to make their country strong, our lovely and beautiful home—Tibet Autonomous Region—will surely be built in 3, 5, or 10 years into a brilliant and beautiful paradise on the roof of the world for which the people yearn. Allow the people of the world, including the people who are friendly toward us and support us and also the small number of people who harbor evil designs and hatred for us, to come and see, and let them who come out of admiration for its fame and leave with satisfaction.

Xizang Public Figures Praise Deng Xiaoping
HK031458 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 2 Mar 88

[Excerpt] The public sale of the picture album "Deng Xiaoping" in our region has evoked strong reactions among people of all nationalities and from all walks of life.

Lhamin Soinam Lhunzhub, vice chairman of the autonomous regional CPPCC Committee, said: We can see hope for the CPC in the picture album "Deng Xiaoping." I have been cooperating with and working for the CPC for over 30 years. During the Cultural Revolution, due to the influence of the leftist line, people like myself were treated as targets of the class struggle. At that time I once doubted whether I was wrong to follow the CPC. After the 3d Plenary Session of the 11th CPC Central Committee Comrade Deng Xiaoping staged a comeback, thus ensuring implementation of the party's policies. As far as Xizang is concerned, the party central authorities have adopted special flexible policies toward Xizang, thus enjoying the ardent support of the people. The living standards of the great majority of the masses in Xizang have been improved. After seeing all these things I have further strengthened my resolve to follow the CPC.

(Gongda Gesang Cideng), honorary president of the autonomous regional Academy of Social Sciences, said: The glorious achievements of Comrade Deng Xiaoping are deeply engraved on the memory of the people. [passage omitted]

Xizang Rural Residents Increase Bank Deposits
OW031439 Beijing XINHUA in English 0741 GMT
3 Mar 88

[Text] Lhasa, March 3 (XINHUA)—Herdsmen in the Tibet Autonomous Region have been depositing more of their earnings in the bank, according to the local branch of the People's Bank of China.

Statistics from the bank indicate that by the end of last year total bank balance of deposits from rural areas amounted to 116 million yuan, a 10.53 percent increase over the previous year. Of this figure, individual deposits accounted for 38.49 million yuan, 22.73 percent over 1986.

A bank official said that the figure shows that Tibet's 1.8 million rural residents are enjoying improving living standards.

Since 1984, the Tibetan Government has allocated farmland, grassland and livestock to each household. It maintains that this policy will be a long-term one, thus tapping the initiative and enthusiasm of herdsmen and farmers.

A local official said the average income of rural residents was 348 yuan in 1987, a 121 percent increase over 1979.

He also attributed the increase in deposits to the brisk private business activities recently.

Yunnan Forum Discusses Economic Strategy
HK031228 Kunming Yunnan Provincial Service
in Mandarin 1100 GMT 1 Mar 88

[Text] According to YUNNAN RIBAO, China's eastern coastal areas are currently carrying out a strategy to energetically expand the export-oriented economy. What kind of strategy for economic development should be adopted by our province in light of these new conditions? On 25 February, the Yunnan Provincial Economics Institute held a provincial forum of economists, economic experts, professors of economics, economic research personnel, and relevant leaders to discuss ideas about our province's medium-term strategy for economic development.

Comrades attending the forum noted: China's eastern coastal areas are currently carrying out a strategy to energetically expand the export-oriented economy. They will inevitably give up part of the domestic raw materials and domestic market-sharing in their possession. We should seize this good opportunity to speed up economic development in our province. Our province should strengthen contacts with eastern coastal areas with the purpose of actively expanding exports. Our province should also strengthen export and trade relations with those Southeast Asian countries that are to the west of Yunnan. In addition we must: Open up our own channels for commodity circulation and our own markets; strengthen the exploitation of natural resources; energetically develop the processing industry; give full play to our superior conditions for producing tobacco, tea, sugar, nonferrous metals, metallurgical products, minerals, energy, rubber, and tropical crops; energetically develop commodity production; and actively take part in domestic and international market exchange and competition.

North Region

Wang Qun Visits Regional Bank Presidents Meeting
SK030950 Hohhot Nei Monggol Regional Service
in Mandarin 1100 GMT 2 Mar 88

[Text] The regional meeting of presidents of people's banks ended today. The meeting put forward that this year our region's banking work should be focused on further deepening reform, trying by every possible means to collect funds to guarantee the needs of economic development, and striving to fulfill the three immediate fighting objectives put forward by regional authorities.

During the meeting, principal regional party and government leaders, including Wang Qun, Bu He, Qian Fengrong, and other leading comrades, visited participating delegates and principal responsible persons of various banking departments. They expressed hope that during the year, they would work hard and make greater contributions to the region's economic construction.

On behalf of the regional people's government, Vice Chairman Liu Zuohui set forth the following demands concerning this year's regional banking work at the meeting:

1. Focusing on deepening enterprise reform, we should readjust the credit structure, define optimum orientation for using funds, support enterprises with favorable conditions, and set restrictions on those without favorable conditions in line with their economic results. We should also implement methods for giving priority to providing loans; granting loans appropriately, withdrawing loans, and not granting new loans; and fully display the efficiency of funds.
2. All banks should try by all means possible to collect savings deposits, pool all the idle funds in society, and create credit fund resources.
3. All specialized banks should actively coordinate with concerned departments and enterprises to conduct a campaign to increase production, practice economy, increase revenues, and reduce expenditures; help enterprises tap the potential of funds; and increase efficiency in using funds.
4. It is necessary to develop and improve the money market, expand the flow and rational use of funds, and ease the contradictions between the supply and demand of funds.

Vice Chairman Liu Zuohui called on governments at all levels to strengthen leadership over the work of banks, support the work of banks on their initiative, and fully display the role of banks as a lever for regulating the economy. He also expressed hope that the banking departments would come out from the simple business circle; change the situation of caring only for credit business; consciously and voluntarily serve all economic work, particularly enterprises; support enterprises in vitalizing business; and help them to improve economic results.

Shanxi Resolution on Managing Party Affairs
HK041304 Taiyuan Shanxi Provincial Service
in Mandarin 2300 GMT 3 Mar 88

[Text] Today's issue of SHANXI RIBAO prominently front pages a resolution adopted by the Shanxi Provincial CPC Committee. The resolution is entitled "For Strict Management of Party Affairs Leading Cadres Must Take the Lead in Setting a Good Example." It is comprised of four parts:

First, the strict management of party affairs is a matter of great urgency and the key point of this matter.

Second, it is imperative to strengthen education and set strict demands.

Third, it is imperative to earnestly enforce party discipline.

Fourth, it is imperative to succeed in firmly grasping the building of systems.

The resolution stresses in conclusion: Strictly promoting the building of party style among leading cadres at and above the county level during the process of reform and opening up is a very important issue that must be urgently resolved. This will remain our daily task for a long time to come. We must not pay close attention to this task for a while and then lay it aside. The building of party style is faced with many new conditions. Many issues in this regard require a thorough study. Party committees at all levels must: Act in accordance with the spirit of the 13th party congress; regard the building of party style as an important item on their agenda; make unremitting efforts to promote the building of party style; be truly able to strictly manage party affairs during the process of reform and opening up; do well in strictly building party style among leaders with the purpose of promoting the whole party style and the general mood of society; and ensure and promote successful progress in our reform and opening up.

Tianjin CPC Plenary Session Opens on 3 March
SK040832 Tianjin City Service in Mandarin
2330 GMT 3 Mar 88

[Text] The Ninth Plenary Session of the Fourth Tianjin Municipal CPC Committee opened on the morning of 3 March. Wu Zhen, deputy secretary of the municipal party committee, presided over the session.

Attending the session were members and alternate members of the municipal party Standing Committee, totaling (746) persons. Attending the session as observers were members of the municipal Advisory Commission and the municipal Discipline Inspection Commission and a number of veteran comrades.

The session heard the report given by Wu Zhen on describing the matters regarding convening the fifth municipal CPC congress. During the session, the participating members discussed and approved the resolution adopted at the ninth plenary session of the fourth municipal party committee on convening the fifth municipal party congress. The resolution stipulates that the Tianjin Municipal CPC Congress will be held in April 1988. The major items of the congress agenda are to hear and examine the report of the fourth municipal party committee and the reports of the municipal Advisory Commission and the municipal Discipline Inspection Commission and to elect the staff members and members of the fifth municipal party committee, the municipal Advisory Commission, and the municipal Discipline Inspection Commission. The quota of delegates to the fifth municipal party congress is 710 persons.

The session called on the party committees at all levels throughout the municipality and the broad masses of party members to earnestly implement the spirit of the 13th CPC Congress, to uphold the party's basic line of the initial stage of socialism, to enhance the unity and heighten their spirit, to pioneer a road of advance by waging arduous struggle, and to further consolidate or develop the municipality's excellent situation to greet the convocation of the fifth municipal party congress.

In concluding the session, Wu Zhen, deputy secretary of the municipal party committee, delivered a speech on the municipal economic situation, on the reform in the political system, and on market prices.

Northeast Region

Heilongjiang Shows Decrease in 1987 Urban Income
SK040610 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 3 Mar 88

[Text] According to statistical data from a sample investigation conducted by SHENGHUO BAO [LIFE DAILY] among 1,050 households in the cities of Harbin, Qiqihar, Mudanjiang, Jiamusi, Hegang, Daqing, and Yichun, the living standard of urban residents throughout the province has declined again. As compared with other provinces throughout the country, Heilongjiang has fallen in this regard from the middle to the low side.

Concrete indicators are that the scale of income increases is not high, that it is lower than that of the country, that the low scale has ranked the province sixteenth in the country, and that the standard of living income has declined consecutively over the past few years.

The per capita living income of urban residents in 1987 was 867.37 yuan, 13.56 percent below the national standard of 1,003.44 yuan. The province fell in this regard from fifteenth in 1985 to twenty-second in 1987. The per capita living expense ranked the province twenty-first in the country, a 4-percent decrease from the 1986 figure excluding the factor of price hikes. The per capita expense on not purchasing commodities has ranked the province twenty-fifth in the country.

Northwest Region

Gansu Governor Stresses Family Planning
HK040257 Lanzhou Gansu Provincial Service in Mandarin 0000 GMT 4 Mar 88

[Excerpt] Governor Jia Zhijie attended a provincial family planning work conference. He pointed out at the conference that the province must put reforms in command of family planning work and institute a responsibility system for targets to be met in population and family planning, to ensure that the control targets are met.

Jia Zhijie said: Population growth in the province has declined somewhat in recent years, but it is still incompatible with the level of the province's productive forces development. Our proposition that the food and clothing problem should be basically resolved in 3 years is also closely linked to family planning. If the population cannot be controlled, it will be impossible to extricate Gansu from its poverty.

Jia Zhijie said: This year we must include family planning in the responsibility system for targets to be met during a county governor's term of office and regard it as an important criterion for examining the performance of the people's government at all levels. [passage omitted]

Qinghai Party Leader Views Festival Tragedy
HK040117 Xining Qinghai Provincial Service in Mandarin 2300 GMT 3 Mar 88

[Text] Qinghai Provincial CPC Committee Secretary Yin Kesheng spoke on 3 March on the Lantern Festival accident in Xining City. Eighteen people were crushed to death and 113 were injured due to the vast crowds and confusion in the (Dashizi) and West Gate sections. Fourteen of the dead were women and four men. After the incident, the 6 hospitals in the city admitted 113 casualties, of whom 46 were held for treatment.

Yin Kesheng said: I am very grieved that such a tragic incident should have occurred. The masses were very happy and enthusiastic to see the lanterns during the festival. However, an accident occurred due to lack of prior organization, inadequate estimate of the complex situation, and lack of guidance by the departments concerned.

The provincial authorities have set up a leadership group to handle the aftermath of the incident, headed by Governor Song Ruixiang. The departments concerned must seriously examine the cause of the accident and put forward their views on dealing with such matters.

Comrade Yin Kesheng gave the following views:

1. At present we must do everything possible to save the injured and comfort the bereaved.
2. Hurry to find the cause of the accident.
3. While reporting on the affair to the central authorities, it is necessary to make a factual report to the masses. The media and propaganda departments must report on the incident in a factual and truthful manner.

Yin Kesheng stressed that the departments concerned must do a good job in ideological work for the masses and give a clear explanation of the accident, so that the masses will assist the government in handling it properly.

Qinghai Peasant Incomes Show 1 Percent Rise
HK040317 Xining Qinghai Provincial Service
in Mandarin 2300 GMT 3 Mar 88

[Text] According to a sample survey, the average net income of the peasants and herdsmen in Qinghai last year was 392 yuan. After deducting the price increase factor, this showed a rise of 1 percent over 1986. Comfortably well-off households accounted for 3.33 percent of the households surveyed, a rise of 0.89 percentage points over 1986. These had an average income of 1,315.9 yuan. Well-to-do households and households with their food and clothing problems solved accounted for 78.67 percent of those surveyed. Poor households with average incomes below 200 yuan accounted for 18 percent of those surveyed, a rise of 0.44 percentage points over 1986.

The main reason for the slight increase in the number of poor households is that some areas were rather severely hit by blizzards and hailstorms last year, causing a reduction in income.

Shaanxi CPC Secretary Returns From Spain
HK031130 Xian Shaanxi Provincial Service
in Mandarin 0500 GMT 1 Mar 88

[Text] Zhang Boxing, member of the CPC Central Committee and secretary of the Shaanxi Provincial CPC Committee, returned to Xian from Spain on 29 February. While in Spain he attended the 12th National Congress of the Spanish Communist Party held in Madrid on behalf of the CPC Central Committee.

At the 12th National Congress of the Spanish Communist Party, Zhang Boxing presented a congratulatory letter from the CPC Central Committee to the congress; attended the opening and closing sessions of the congress; visited the headquarters of the Spanish Communist Party Central Committee; and met and had cordial talks with Julio Anguita, newly elected secretary general of the Spanish Communist Party; Sanchez Montero, a responsible person of the Spanish Communist Party in charge of international affairs; and Gerardo Iglesias, former secretary general of the Spanish Communist Party. Zhang Boxing also had contact and friendly talks with representatives of fraternal parties from the DPRK, Romania, and Bulgaria.

Accompanied by Chinese Ambassador to Spain Cao Yuanxin, Zhang Boxing visited Getafe City, a telephone company, a residential area, and the home of a civil servant. The mayor and deputy mayor of Getafe City met Zhang Boxing and gave a banquet to warmly welcome Zhang Boxing and his entourage.

He stopped over in Beijing enroute to Xian. Zhu Liang, director of the CPC Central Committee International Liaison Department, and Li Shuzheng and Zhu Shanqing, deputy directors of the department, met him in Beijing. They also saw him off at Shoudu Airport.

Zhang Boxing returned to Xian yesterday. Responsible comrades from the provincial party committee, the provincial People's Congress, the provincial government, and the relevant provincial departments Hou Zongbin, Zhou Yaguang, Mou Lingsheng, Li Lianbi, Tao Zhong, Li Sengui, and (Chen Xinliang) greeted him at the airport.

Xinjiang Leaders at Construction Corps' Meeting
HK041103 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 3 Mar 88

[Excerpts] An enlarged meeting of the Xinjiang production and construction corps party committee, which concluded today, noted: Deepening reform, increasing the reserve strength of development, and making mighty advances in the work of the corps cannot be separated from the further emancipation of the mind. All management patterns that help develop productive forces and help increase economic returns can be put into practice and popularized on an experimental basis. [passage omitted]

During the meeting, Wang Enmao, vice chairman of the CPPCC National Committee and chairman of the autonomous regional Advisory Commission, and Song Hanchang, secretary of the autonomous regional party committee, delivered important speeches.

Attending the meeting were leaders of the corps, as well as political commissars, party committee secretaries, and administrative leaders from districts and farms under the corps. Over 500 people were present at the meeting.

Xinjiang Meeting on Township, Town Enterprises
HK041057 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 3 Mar 88

[Excerpts] An autonomous regional work conference on township and town enterprises, which concluded on 2 March, noted: In adhering to the current orientation of developing township and town enterprises in our region, we must arrange work around the region's overall strategic plan for economic development, promptly readjust our industrial structure, and put the stress on expanding the output of salt, sugar, cotton products, textiles, and other products that yield high tax revenues, high foreign exchange earnings, and high profits. [passage omitted]

The conference demanded that the region's township and town enterprises this year make six changes in order to suit the needs of the changed objective situation:

First, to change from the simple processing of agricultural and animal husbandry products and the simple sale of cheap labor to the industrial, commercial, and [words indistinct] services.

Second, to change from the simple rough processing of agricultural and animal husbandry products to the finished processing of such products.

Third, to gradually change from being completely dependent on the local market to opening up the domestic and international markets.

Fourth, to make the change from the unitary pursuit of output value to the pursuits of improving product quality, (increasing the output of) famous-brand, quality, special, and new products, and increasing economic returns.

Fifth, to make the change from decentralized and separate management to socialized, large-scale cooperative production management characterized by specialization and coordination.

Sixth, to make a change from small-scale production and handicraft industries to the modern scientific large-scale production.

Xinjiang Leader on Light Industrial Development
HK031244 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 1 Mar 88

[Excerpts] An autonomous regional conference on light industry concluded yesterday. In accordance with a decision made at the conference, our regional light

industry must stress developing superior and "three-high" products, with the purpose of giving an impetus to the whole region's light industrial development on a large scale, and further increasing light industrial output value and foreign exchange income from exports. [passage omitted]

Song Hanliang, Zhang Sixue, Qi Guo, and Tuohuti Shabier attended the conference. Song Hanliang and Tuohuti Shabier addressed the conference.

In his speech Song Hanliang noted: The CPC Central Committee and the State Council have cared very much for and attached major importance to economic development in Xinjiang. They have formulated many preferential policies for Xinjiang, thus creating very good external conditions. The central authorities' decision to energetically develop the export-oriented economy in coastal areas provides a very good opportunity for us. We must actively make full use of this favorable external environment and good opportunity, give full play to our region's superior forces, make use of every bit of time or space, overcome our shortcomings by learning from others' strong points, serve the development of export-oriented economy in coastal areas in every aspect, and transform and develop ourselves through this service. [passage omitted]

Li Explores Retirement of Veteran Deputies

Meets With Deputies

OW021007 Taipei CHINA POST in English 28
Feb 88 p 1

[Text] President Li Teng-hui yesterday urged aging deputies frozen in office for four decades to support a Kuomintang [KMT] Parliamentary reform program requesting their retirement.

Li told about 600 members of the National Assembly, or electoral college, during a tea party at the Grand Hotel in Taipei that the program was an important part of the country's move toward democratic reform.

"We must put national interests and public welfare above our personal opinions," said as he concluded the 80-minute meeting during which several senior deputies attacked the program as unconstitutional and as lacking in respect for them.

Earlier this month, the KMT proposed to give "hand-some" pensions to retiring senior parliamentarians and to drastically increase the number of Taiwan-elected parliamentarians. Senior parliamentarians, who were first elected in Mainland China in 1947 and 48, have been frozen in office since, because the government says they cannot return to their constituencies on the mainland to stand reelection while the area is in communist hands.

More than two-thirds of the members of the nation's three parliamentary bodies—the National Assembly, the Legislative Yuan and the Supervisory Control Yuan—have been frozen in office for 40 years.

Li, who succeeded President Chiang Ching-kuo when Chiang died on Jan. 13, stressed that the government will continue its anti-communist and anti-Taiwan independence policies.

"A constitutional democracy can serve as the blueprint on which we can rebuild a new China after recovering the mainland," the 65-year-old president said.

Later in the day, 14 National Assembly members from both the ruling party and the opposition Democratic Progressive Party [DPP] took the floor.

Some vehemently attacked the reform program, others urged senior deputies to support it and still others demanded opening all parliamentary seats for reelection.

When one of the deputies was speaking, DPP National Assembly member Wu Che-lang walked up to the podium to present a personal letter to demanding the government allow exiled dissident Hsu Hsin-liang to return home to stand trial for sedition.

Wu then bowed in a traditional gesture of respect and extended Chinese New Year greetings to the president, who in turn shook hands with the opposition deputy.

Ten minutes later, another DPP National Assembly member, Chou Ching-yu, presented a DPP letter to who also shook her hand.

Sources said the DPP letter urged the president to hold general parliamentary elections and to publicize facts about the "February 28 Incident."

On Feb. 28, 1947, hundreds of Mainland Chinese and Taiwanese were killed in rioting here after Japan had relinquished its 50-year rule of Taiwan at the end of World War II and returned Taiwan to Chinese rule.

On Monday, Li, a native Taiwanese, criticized dissidents at a news conference for using the incident to "incite the public" and said it is "against the principle of love to repeatedly make the tragedy an annual topic." The remarks have reportedly outraged many dissidents.

The correspondence also urged Li to arrange another meeting with DPP deputies alone, the sources said.

Shortly before Li left the party, six DPP deputies displayed banners reading, "Publicize Facts About the February 28 Incident."

But security agents prevented the opposition deputies from approaching the podium and DPP National Assembly member Huang Chao-hui scuffled with a man, who Huang charged was a security agent but who was wearing a reporter's badge. No one was seriously injured.

Opponents Deny Retaliation

OW021013 Taipei CHINA POST in English 28 Feb 88
p 1

[Text] A spokesman for the National Assembly yesterday denied a newspaper report that senior members of the electoral college have threatened to recall President Li Teng-hui in retaliation against a parliamentary reform program.

Many deputies, who have been frozen in office for four decades, are opposed to the program which is under study by a high-level Kuomintang task force headed by the president, the spokesman admitted, but added that there are no plans to oust the president.

Meanwhile, senior National Assembly member Wang Yu-sheng denied another newspaper report that he had said he would launch a drive to recall the president to voice senior deputies' opposition to the program.

National Security Council Discusses
OW030345 Taipei CNA in English 0235 GMT
3 Mar 88

[Text] Taipei, March 3 (CNA)—President Li Teng-hui presided over the 54th meeting of the National Security Council Wednesday to discuss the proposed voluntary retirement of senior central parliamentarians and the central government budget plan for fiscal 1989.

After hearing reports on the two draft proposals, President Li said all senior members of the Republic of China's three central parliamentary bodies have made remarkable contributions to national development by strictly performing their duties over the past decades.

He pointed out that it is necessary for the government to properly award the senior parliamentarians for their contributions to the nation while encouraging them to retire to make room for a parliamentary reform.

As to the fiscal 1989 budget, President Li said it is reasonable for the government to project large increases both in its revenues and expenditures to stimulate domestic demand and economic growth because the nation is expected to experience greater difficulties resulting from both the appreciation of the new Taiwan [NT] dollar and the mounting international protectionism in the coming year.

However, he noted, the government would float NT dollars 100 billion (about US dollars 3.47 million) [figures as received] in public bonds to offset the budget deficit.

President Li said it is appropriate that the government emphasized in its fiscal 1989 administrative plan a self-sufficient defense industry, grassroots education, environmental protection and social security in addition to continuing to carry out the 14 construction projects and raising salaries for public functionaries and public school teachers.

The president also instructed the government officials to adopt measures to counter a possible inflation that may be caused by the nation's huge foreign exchange reserves so as to maintain both economic growth and stable commodity prices.

Officials To Visit Relatives on Mainland
OW021019 Taipei CHINA POST in English
27 Feb 88 p 16

[Text] The ruling Kuomintang [KMT] has approved a proposal to allow senior party officials and cadres to visit relatives in mainland China, the official CENTRAL NEWS AGENCY reported yesterday.

The agency said members of the Central Committee and Central Advisory Committee, other party officials, cadres and executives of KMT-run cultural and economic organizations can travel to the mainland for family reunions after obtaining approval from the party.

The decision was made at the regular weekly meeting of the party's policy-making Central Standing Committee on Wednesday, CNA said.

Non-executives of KMT-run cultural and economic establishments and family members of party officials and cadres need not seek party approval for such trips, but must report them, the agency said.

The party will revoke the membership or suspend the rights of violators, CNA said, adding that party officials and cadres will be held responsible for violations by their family members.

The government relaxed a ban on travel to the mainland last November to allow local residents, except servicemen and civil servants, to visit relatives on the mainland.

Local press reports have said the government is considering allowing sports and cultural exchanges with the mainland when the family visits policy is reviewed in May.

Sightseeing To Mainland May be OK'd [subhead]

Meanwhile, the INDEPENDENCE EVENING POST reported yesterday that the Executive Yuan, or cabinet, is expected to allow local residents to travel to the mainland for sightseeing in April.

However, civil servants will still be banned from making sightseeing trips to the mainland, the newspaper said.

The cabinet, which is reviewing the family visits policy, is also studying the possibility of allowing direct trade with the mainland, the POST said, adding that direct trade, if allowed, is likely to be implemented gradually.

Economics Minister Li Ta-hai told reporters yesterday the government is currently studying the feasibility of allowing only indirect trade with the mainland.

'The Last Emperor' May Be Shown Here [subhead]

In further development the mass-circulation UNITED DAILY NEWS said the government is considering allowing Hong Kong and foreign produced movies filmed on the mainland, including Italian movie director Bernardo Bertolucci's "The Last Emperor" which has been nominated for nine Oscar awards, to be shown here.

Officials of the Kuomintang's Department of Cultural Affairs and the government Information Office met Thursday and decided to review a ban on the showing of Hong Kong and foreign produced movies filmed on the mainland that do not oppose national interests, the daily said.

The government is still studying whether to allow Taiwan movie companies to film movies on the mainland, the paper added.

Satellite Sharing With Mainland Rejected
OW021017 Taipei CHINA POST in English
28 Feb 88 p 8

[Text] Taipei has turned down Communist China's offer to share a communications satellite with which it could transmit local television programs into Mainland China.

The Directorate General of Telecommunications said that according to current government policy, Taipei cannot accept Peking's offer to share a satellite to be launched next year.

The domestic satellite will be a joint venture between (Communist) China International Trust and Investment Corp. (CTTIC), Hong Kong's Hutchison group and British Telecommunication's giant Cable and Wireless. Mainland China's Long March 6 rocket will send the satellite into orbit early next year, the SOUTH CHINA MORNING POST said on Wednesday.

The satellite reportedly will be able to transmit messages to Tibet, Urumqi, and Taiwan.

The Communications Ministry has said on several occasions that Taiwan has no need for a satellite although it has the ability to make one. It said Taiwan will launch its own in 10 or 15 years.

Cabinet Reports on Arms Exportation Policy
OW040357 Taipei CNA in English 0347 GMT
4 Mar 88

[Text] Taipei, March 4 (CNA)—The Republic of China's [ROC] export of arms is made on a government-to-government basis, coupled with considerations of promoting substantive relations and friendship between the ROC and the other countries, reported the Cabinet Thursday.

The Cabinet spokesman said the Ministry of National Defense as promulgated "Regulations on Arms Export Procedures of the Armed Forces" which clearly stipulate arms export guidelines and policy.

If the ROC Armed Forces' regular provisions and combat readiness are not adversely affected, a moderate arms exports would be in the nation's interests, the Cabinet said.

Taiwan Organization Promotes Trade in USSR
OW020955 Taipei CHINA POST in English
27 Feb 88 p 15

[Text] A top local trade organization is ready to hold trade shows and attend trade fairs in the Soviet Union when the government relaxes trade with communist countries.

According to a China External Trade Development Council (CETRA) official, CETRA believes local manufacturers can successfully promote trade in the Soviet Union by joining trade activities there.

Indirect trade between the Soviet Union and the Republic of China [ROC] presently amounts to as much as U.S. \$30 million a year. "With promotion, the trade volume can increase further," the official noted.

Currently, the Soviet Union holds some 30 trade fairs a year with some highly professional exhibitions. According to the CETRA official, shows which might be of interest to local manufacturers include an international woodwork machinery show in Moscow in February, a light industry and farm products show in March, an international auto and auto parts show in April, an international clothes manufacturing equipment show in July and an international show on packaging technology in November.

The official said CETRA has already gathered information on the shows, including participation qualifications.

In the past, trade with the Soviet Union was banned, but this ban is gradually being eased as the government finds it necessary to adopt a more flexible trade policy to protect the nation's interests in the international market.

A senior economics official said that if political factors can be overlooked, there could be "great potential in the vast Soviet market." Daily necessity items and light industrial products would most likely make up the majority of ROC exports to the Soviet Union, the official added.

However, most manufacturers here feel that if the ROC is allowed to trade with the Soviet Union, they could make greater profits by importing raw materials from the Soviet Union rather than by exporting products there.

Another trade official recalled that Soviet leader Mikhail Gorbachev said last August that the Soviet market share in the United States is expected in five years to exceed those of the ROC and South Korea. It is therefore very possible that the Soviet Union will become a major trade competitor of the ROC, the official added.

Bilateral Trade With Portugal Increasing
*OW040333 Taipei CNA in English 0302 GMT
4 Mar 88*

[Text] Madrid, March 3 (CNA)—The bilateral trade between the Republic of China [ROC] and Portugal, though low in volume, has been increasing steadily during the recent years.

Statistics provided by the ROC's China External Trade Development Council Madrid office show that in 1987 the ROC-Portugal trade totaled US dollars 53.3 million, up 82.5 percent from the previous year.

The ROC's exports to Portugal amounted to US dollars 44.6 million while its imports from Portugal reached US dollars 8.7 million, up 86.6 and 64.2 percent, respectively.

In January of 1988, the ROC's imports from Portugal experienced a remarkable increase of 333.3 percent from the same period of 1987 totaling US dollars 1.3 million. In the same month, the ROC exported to Portugal US dollars 3.9 million worth of products, up 85.7 percent.

The ROC-Portugal trade occupied merely 0.4 percent of the ROC-European trade in 1987.

Editorial Discusses New ROK President
*OW020943 Taipei CHINA POST in English 27 Feb 88
p 4*

[Editorial: "Inauguration of ROK President No"]

[Text] The inauguration of Republic of Korea's [ROK] new President Thursday morning has opened up a new chapter in South Korean political development.

President No won the election to become the sixth president of the Republic of Korea on Dec. 16, 1987, by 36.6 percent of the votes as a result of the opposition's split that rendered No's victory at the polls inevitable.

No's inauguration also marked the founding of South Korea's sixth republic and the end of decades of authoritative rule with drastic political and economic reforms.

These reforms were reflected in No's inauguration speech promising an end to the authoritative ways of previous administrations. He said that "the day when repressive force and torture in secret chambers are tolerated is over."

No made the above pledges before former President Chon Tu-hwan, who witnessed his inauguration ceremony of the same platform among hundreds of dignitaries from other nations including Republic of China's [ROC] Premier Yu Kuo-hua, who flew to Seoul Wednesday morning to attend the ceremony.

Whether No's pledges could be carried out without deviation remains to be seen. But he was genuine in his attempt to change the course of South Korean political development from an authoritative rule to a democratic rule governed by a new constitution approved last year.

Although No was a former military officer who helped Chon seize power seven years ago, he has since his election last December acted as a democratic politician promising the Korean republic a future in "the great era of the common man." he has also refused to ride in foreign-made limousines and carries his won briefcase to demonstrate his sincerity in political and economic reforms.

But the Korean people remain skeptical as to the extent of future reforms. South Korean students staged an anti-No demonstration near Myongdong Cathedral in central Seoul during the inauguration ceremony and 3,000 students staged similar demonstrations in six provincial cities and clashed with the police.

The government and people of the ROC welcome the inauguration of No as the next president of the Republic of Korea. We also hope that the presence of Premier Yu at the inauguration ceremony shows the great importance we attach to President No's new reign of power in South Korea.

As the ROC and its 20 million people on Taiwan have always been a great supporter of the cause of South Korean people ever since its independence or even prior to its independence, we have always considered South Korea a brotherly nation and shared its aspirations. In recent years, our economic growth and expansion have also been along parallel lines and our two nations have become two outstanding "small dragons" of Asia to win the admiration and envy of other nations.

However, recent rumors of South Korea's possible links with Peking have caused concern and misgivings in the ROC. It is hoped that the rumors are not true and a suitable clarification would be forthcoming from President No's administration.

Premier Yu would have an ideal opportunity to discuss outstanding issues with the new ROK government leaders in order to stabilize our mutual relations. It is an ideal opportunity for Premier Yu to exercise his "flexible diplomacy" at the highest level in Seoul. As both nations are close neighbors and great economic and trade performers, our mutual relations required to be even closer than ever before to weather the international protectionist sentiments and possible economic recession in the future years.

We should adopt many more cooperative measures in future years to weather such possible storms instead of sheer competitive measures all the time. We have everything to gain by cooperating closely with each other and much to lose by sheer competition and going our own ways.

Moreover, the Chinese mainland under the Chinese communist despotic rule is encountering great difficulties as a result of its failures in political and economic reforms. It is on the verge of economic and financial bankruptcy with its foreign exchange reserves at

merely U.S.\$3 billion while in sharp contrast, the ROC's foreign reserves are at U.S.\$76 billion. Any economic venture on the Chinese mainland is risky and unprofitable and therefore a dangerous undertaking to be embarked on.

Hong Kong

Xu Jiatun Discusses Relations With PRC
*HK031534 Beijing XINHUA Hong Kong Service
in Chinese 1434 GMT 3 Mar 88*

[Text] Hong Kong, 3 Mar (XINHUA)—Director of the Hong Kong Branch of XINHUA NEWS AGENCY Xu Jiatun hosted a banquet in honor of members of Hong Kong's Legislative and Executive Councils at the World Trade Center this evening. Present on the occasion were 48 members of the two councils including Senior Councillors S. Y. Chung and Lydia Dunn.

At the banquet Xu Jiatun said: "I have been with you for four Spring Festivals. Over the past 4 years or so, both the motherland and Hong Kong have been progressing and our mutual understanding and friendship have been deepening. I think that this understanding and this friendship are beneficial to unity and the harmonious atmosphere in Hong Kong society, and also beneficial to Hong Kong's prosperity and stability. At this auspicious beginning of the Year of the Dragon I hope that our cooperation and friendship will further develop in future."

S. Y. Chung spoke on behalf of the members of the two councils. He said: Since the Chinese and British Governments signed their joint declaration in 1984, Director Xu has always invited us to social gatherings and banquets that are conducive to deepening friendship and mutual understanding. I would like to take this opportunity to thank Director Xu again." Reviewing and forecasting Hong Kong's development he continued: Last year, Hong Kong's economy continued to develop. Not even once in the past decade or so has Hong Kong's economy grown so rapidly. Over the past 3 years Hong Kong has been able to keep the inflation rate below 6 percent. This year, the growth of world trade may slow down a bit and Hong Kong's economic performance may decline a little. However, 1988 should be a year in which Hong Kong consolidates its economy and sees steady growth.

PRC Official Criticizes UK Basic Law Debate
*HK040727 Hong Kong SOUTH CHINA MORNING
POST
in English 4 Mar 88 p 2*

[By Chris Yeung in Guangzhou]

[Text] China did not welcome the prospect of a debate in the British Parliament on the Basic Law, Hong Kong's constitution after 1997, senior Chinese official, Mr Li Hou, said yesterday.

"It is not appropriate for a foreign parliament to debate the Basic Law, which is a matter with China," Mr Li said.

However, he said, anyone who gave their views in the capacity of a friend of China would be welcomed and their views would be considered, he said.

Mr Li, a deputy director of the Hong Kong and Macao Affairs Office under the State Council, was speaking on his arrival in Guangzhou for a three-day Basic Law meeting.

His remarks followed a statement by a leading British politician Sir Peter Blaker, in Hong Kong last week that Parliament might hold a debate on the Basic Law.

Sir Peter, who is chairman of the parliamentary group on Hong Kong affairs, said Britain was duty-bound in terms of the Joint Declaration to make its views on the Basic Law known to the Chinese Government.

Mr Li said: "Basic Law is matter with China...it is a constitution being drafted by the National People's Congress.

"We will consider the views of other people on the basis of a friendly relationship. I believe it is not appropriate for the parliament of a foreign country to debate on the Basic Law," he said.

Asked if China would file a diplomatic protest to Britain if there were a debate, Mr Li said: "I can't say any more than what I've said."

Mr Li is secretary-general of the Basic Law Drafting Committee whose co-ordinating group starts three days of talks today to polish the first draft of the future constitution.

The first draft will be officially published for a five-month consultation period in May after the seventh plenary meeting in Beijing.

A Hong Kong drafter, lawyer, Miss Liu Yiu-chu, has said she would file a question at the coming plenum on whether China and Britain had reached any secret agreement on direct elections in 1990, and if so, if that meant drafters were perceived as rubber-stamp members.

She was concerned that China might have approved the introduction of an element of direct elections to the Legislative Council in 1991.

Stressing that drafters were free to speak their minds, Mr Li said he would not comment on the White Paper on political reform in Hong Kong.

He hinted that China's tacit approval was based on a line of thinking among drafters that there would be an element of direct elections to the future legislature.

If the Basic Law stated that part of the future legislature should be directly elected, Mr Li said China would not oppose their introduction before 1997.

More Projects Contracted in Hong Kong, Macao
OW040055 Beijing XINHUA in English
1310 GMT 3 Mar 88

[Text] Beijing, March 3 (XINHUA)—By the end of last year, companies from the Chinese mainland had signed 776 contracts on engineering projects in Hong Kong and Macao worth 8.8 billion Hong Kong dollars (1.1 billion U.S. dollars).

For 1987 alone, new contracts involved 2.56 billion Hong Kong dollars (328 million U.S. dollars), or 4.4 times the yearly average for the past seven years, and 21.8 percent of all mainland's contracted volume overseas.

Hong Kong and Macao are the mainland's major contracting market.

According to today's "INTERNATIONAL BUSINESS," the annual value of projects contracted in Hong Kong and Macao by foreign firms is 26 billion Hong Kong dollars (3.3 billion U.S. dollars), with Japan, South Korea, the Federal Republic of Germany, the United States, Britain and France all running businesses there.

Chinese corporations concerned agree the mainland will have to get involved in larger projects if it intends to hold ground in Hong Kong and Macao.

Hong Kong Governor on Investing in Shenzhen
OW041201 Beijing XINHUA in English 1715 GMT
3 Mar 88

[Text] Hong Kong, March 3 (XINHUA)—Hong Kong's investment in Shenzhen, believed to be about 70 percent in the special economic zone, is beneficial to both sides, Governor David Wilson said here today.

After his return from a one-day trip to the SEZ at the invitation of Shenzhen Mayor Li Hao, the Hong Kong governor said he reflected this investment benefits both sides.

"We in Hong Kong benefit, particularly now when we have a labor shortage and we have the opportunity of processing a lot of our goods in Guangdong Province, including Shenzhen," he said.

The governor was shown around some joint ventures in the SEZ and deeply impressed by the rapid development there.

While in Shenzhen, Governor Wilson and Mayor Li Hao discussed on how to improve transport and customs facilities along the border areas of the two regions and the plans for opening the new border crossing at Lok Ma Chau, west of the Lo Wu pass.

Wilson revealed that Shenzhen authorities will have difficulty in providing customs facilities there. "But there will be no delay," he said.

Due to the heavy volume of cross-border traffic, Hong Kong is widening the highway at Man Kam to speed up the throughput.

Russian Gold Trader's Visit Cut Short
HK040903 Hong Kong SOUTH CHINA MORNING POST
in English 4 Mar 88 p 1

[By Simon Macklin]

[Text] A Russian banker, who is one of the most influential players on the global gold markets, has had his planned visit to Hong Kong cut short by the government.

Mr Eugene Uljanov, the general manager of the international treasury and bullion department of Russia's Bank of Foreign Trade, had applied for a week's stay but was given 72 hours instead to allow him address an inter-national conference on gold dealing.

A spokesman for the Immigration Department said he could not comment on the circumstances surrounding the visit by Mr Uljanov, who arrived yesterday.

But he acknowledged the government had a "very restrictive" policy on allowing Soviet bloc citizens into the territory.

Mr Uljanov could not be contacted for comment yesterday but organisers of the Hong Kong International Gold Congress said his visit was made possible only after nine months of negotiations with the Immigration Department.

Mr Gerard Wright, the managing director of the conference organisers, Media-plus, said he had to persuade immigration officials of Mr Uljanov's importance before they had consented to the visit.

Conference organisers had originally hoped Mr Uljanov would be allowed to make a seven-day visit to Hong Kong to meet leading local businessmen.

But the Immigration Department had only allowed a 72-hour visa following almost seven months of enquiries into Mr Uljanov's background, Mr Wright said.

"We supplied as much information as we could about Mr Uljanov and the congress," he said.

"We were under no delusions as to the problems we would have in bringing Mr Uljanov into Hong Kong, but we were hopeful given his rank that we would be able to persuade the officials to consent," he said.

He added that the standard of the congress had been greatly enhanced by Mr Uljanov's visit.

"This is really quite a coup for Hong Kong—he is one of the leading world players in this field," Mr Wright said.

The International Gold Congress, which opens today, will be attended by representatives from several countries.

Green Paper Surveys Termed 'Deeply Flawed'
HK040747 Hong Kong HONGKONG STANDARD in English
4 Mar 88 p 2

[By Tonny Chan]

[Text] Legislative councillor Mr Martin Lee yesterday handed in a motion demanding the Government answer criticism about two official polls on the Green Paper.

Announcing the motion at a news conference in the Legco [Legislative Council] building, Mr Lee accused the Government of "never replying to well-reasoned" criticism.

Mr Lee's motion urged the council to regret the "failure" of the Government to answer in detail public criticism which showed the opinion polls by AGB McNair on direct elections to be "invalid."

The motion, subject to approval by the Governor for tabling before Legco, also asks the council to urge the Government to answer the criticism in detail. Mr Lee wants Legco to debate the motion next Wednesday, one week before members debate the White Paper which proposes the partial introduction of direct election in 1991.

Mr Lee's motion coincided with the publication by the FAR EASTERN ECONOMIC REVIEW of an independent appraisal study, which said half of Hong Kong's adults wanted direct elections this year.

Mr Norman Webb, secretary-general of Gallup International, commissioned by the magazine to do the appraisal, said in his report the two surveys commissioned by the Survey Office were "inadequate" and "deeply flawed".

He said had Hong Kong people been consulted at least two-thirds of their votes would have been for partial direct elections to Legco in 1988.

The McNair polls were flawed from the start, when "focus group" discussions were held to determine how citizens should think and express themselves on the Green Paper, Mr Webb said.

The composition of the groups excluded representatives of some 46 percent of the population, he said.

Feasibility Study Slated on Port, Airport
OW020351 Beijing XINHUA in English 1559 GMT
1 Mar 88

[Text] Hong Kong, March 1 (XINHUA)—A 44 million Hong Kong dollar study to produce a long-term port and airport development strategy (PADS) for Hong Kong was launched today following the signing of a consultancy agreement.

The feasibility study, scheduled to last 22 months, is expected to lead to the final decision on whether Hong Kong needs a new airport or just to enlarge the existing one to cope with the ever increasing flow of cargo and passengers. Consultants will concentrate their study on a period up to 2011.

The new airport, if Hong Kong really needs one, will be completed early in 2001 or late in 2011, said Secretary for Lands and Works Graham Barnes, who signed the agreement with managers of two local consultant companies.

Under the airport relocation scenario, the new airport will be either built at north Lantau or to the east of that island which is situated about ten kilometers to the west of the Hong Kong island. Both options will involve the construction of more bridges and tunnels and other subordinate facilities.

"The aim of the huge study project is to provide a range of rational and feasible courses of action and a proper appreciation of the consequences and costs of each," Barnes said.

During the course of the study, an early decision must be made on the siting of the eighth and ninth container terminals so as to keep pace with the rapidly escalating container trade, according to the official.

In 1987, about 47.7 million tons of commercial cargo were discharged and 22.9 million tons loaded at the port of Hong Kong. These are, respectively, 2.7 times and 3.8 times greater than those for 1976. Besides, the river trade share in the total cargo handled also expanded remarkably.

Hong Kong has become the busiest container port in the world after it handled 3.45 million twenty-foot equivalent units (TEUS), 1.5 times more over the past decade. And the total volume of containers is forecast to double by 1996 and triple by 2001.

The total trade of the Hong Kong port is forecast to reach possibly 138 million tons by 1996 and 205 million tons by the turn of the century.

In addition, about 12.8 million passengers travelled through the Hong Kong international airport in 1987, compared with 4.4 million in 1976, statistics show. The

total civil international aircraft movements could increase at an average annual rate of 5.6 percent in the next decade, according to surveys of local aviation department.

Film Bill To Contain Censorship Clause
HK040847 Hong Kong SOUTH CHINA MORNING
POST
in English 4 Mar 88 p 1

[By Terry Lee]

[Text] The final draft of the controversial Film Censorship Bill will contain a heavily-criticised clause on political censorship when it is gazetted today.

The bill, which proposes a three-tier system of film classification, will also hold cinema operators liable to fines for allowing children under the age of 18 to watch films that are restricted to adults only.

The draft that will be published in the government Gazette is the third to be drawn up since the government announced last year it was overhauling its film censorship laws.

But liberal Legislative Councillors, led by Mr Martin Lee Chu-ming, are still expected to press for amendments to the bill when it is introduced to the Legislative Council next week.

The film industry will also make representations to the government urging further relaxation of the censorship provisions.

The administration, however, is standing firm in retaining the right to ban or censor films considered likely to damage "good relations" with other territories.

It is widely recognised that the clause refers to Chinese sensitivity over film portrayals of political issues.

Defending the government's stand yesterday, Secretary for Administration Services and Information Peter Tsao Kwang-yung, said Hong Kong needed film censorship because its relations with other countries were important.

Mr Tsao said political censorship existed in many countries and it was not unusual for the Hong Kong Government to have such powers.

He said the political censorship clause in the bill was very similar to the provisions of the old Film Censorship Regulations, which were revoked last year after questions about their legality were raised.

"We have been using this formulation for the past 15 years or so and we have dealt with a number of films in the past—films related to possible damage to other countries, the United States, Japan, Hong Kong itself, China and it has worked well," said Mr Tsao.

"I don't see any need for a major departure from the present formula."

Mr Tsao rejected claims that the clause contravened the International Covenant of Civil and Political Rights, saying that other parties to the convention also had similar regulations.

"We have consulted the Foreign Office and come to the conclusion that it is not compatible with the human rights convention," he said. [sentence as published]

Mr Lee, however, said he might move amendments to the bill after its second reading in the Legislative Council.

Mr Lee, who had been campaigning for the scrapping of political censorship, has claimed the censorship provisions contravene the covenant.

Commenting on the film classification system, Mr Tsao said the system would be a liberalisation of the present situation.

The bill proposes that all category I films can be exhibited to the general public. Category II films can also be shown to the public provided that they carry warnings that they are not suitable for children. Category III films will be restricted to those not under the age of 18.

Mr Tsao said the creation of category III would allow cinema operators to exhibit more films and the public would have more to choose from.

"It is intended that films which are currently banned because they go beyond the standard of not suitable for children will in the future be allowed to be shown unless they are grossly indecently or too violent for public taste," he said.

However, cinema operators will be liable to a maximum fine of \$10,000 if children under the age of 18 are found watching a category III film.

Mr Tsao said the bill provided that cinema operators have a responsibility and they should take necessary measures to prevent unauthorised viewing of category III films.

For underage cinema-goers defying the regulations, letters of warning would be sent to their parents.

But, Mr Tsao said, proposed regulations on advertising trailers for films would be dropped in the new bill.

Mr Tsao explained that the government was convinced that advertisement material was in a different category from films and should not be covered by the proposed Film Censorship Ordinance.

But they would be subject to the Objectionable Publications Ordinance.

Cinema operators yesterday reacted strongly to the proposed measures, saying that they should not have the responsibility of keeping underage people out of their theatres.

The assistant manager of the US6 circuit, Mr Yeung Wai-chiu, said it was unfair to penalise cinema operators for the mischief of minors.

He said it would be very difficult to implement the regulation because the management of cinemas did not have the right to check customers' identity cards.

"The age is anybody's guess and it is very difficult to judge if a big boy is above or below the age of 18," he said.

"Checking the identity cards may also give rise to unnecessary confrontations between the management and the clients," he added.

Mr Tsao also said he hoped the bill could be passed into law before the peak season in the summer.

By then, the Board of Review would have been established, he added.

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